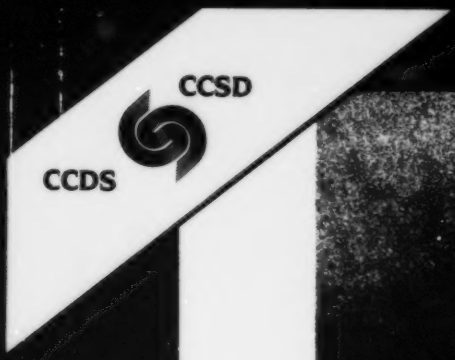

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CANADIAN COUNCIL ON SOCIAL DEVELOPMENT

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The Canadian Fact Book on Poverty — 1989

The Canadian Fact Book on Poverty — 1989

by David P. Ross
and
E. Richard Shillington

The Canadian Council on Social Development
Ottawa/Montreal

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Foreword

The Canadian Council on Social Development's series of Canadian fact books on low income and income distribution is produced to help Canadians gain a better understanding of one of our most persistent and serious social problems — poverty.

Unlike the three previous fact books, this edition does not rely solely on published materials. For the first time, the authors have had direct access to the micro-data tapes of Statistics Canada's Survey of Consumer Finances. This data source provides the most complete and regular set of information on family incomes in Canada, and has enabled a much more extensive and detailed examination of poverty in Canada. In addition to Statistics Canada data, the authors have also utilized the results of other domestic studies and reviewed poverty statistics of other countries.

From the constant inquiries we receive for information on poverty from journalists, academics, students, politicians and concerned citizens, we are certain that this book will be useful in providing a better understanding of at least the quantifiable characteristics of poverty. We hope that it will also contribute to the formulation of wise anti-poverty policies, since a good understanding is necessary for creative and effective action.

Valerie Sims
Acting Executive Director
CCSD

1

Introduction

The picture that most Canadians have of poverty is of sickly children on the edge of starvation. In highly industrialized societies such as Canada, however, this scene is not typical. What prevails instead is deprivation and need. In Canada, people suffer deeply not because the necessities of life barely exist for the population at large — the state of affairs in many Third World countries — but because an unequal distribution of income blocks their access to Canada's abundance. Poverty in Canada is a matter not of starving but rather of begging for food at food banks and shelters. It is the result of an unequal distribution of riches rather than of a lack of riches.

It is a mistake to suppose that poverty of the type found in industrial countries is not a serious matter. There is no shortage of statistics that imply a link between poverty in Canada and various debilitating behaviours and conditions. For the sake of the many skeptics, let it be stressed that we do not claim that lack of income itself "causes" these human conditions — one cannot demonstrate causation with statistics — but only that these conditions are strongly associated with low income. The question of causation is left to the reader's own judgment.

The statistics are especially striking in the case of a segment of the population that is unequipped to overcome poverty by any efforts of its own — children.

Some of the documented linkages between income levels and the well-being of Canadian children are as follows:

- In 1986, the high school drop-out rate among children from poor families was 2.2 times the rate among children from non-poor families.
- In 1986, 49,000 children were in the care of child welfare systems in Canada. According to agencies in various communities, and depending on the community, between 54 and 75 per cent of these

children came from low-income families. Native children account for about 20 per cent of all children in substitute care, though they account for only 2 per cent of the child population.[1]

- The child mortality rate is twice as high among families at the lowest income level than it is among families at the highest level.
- Drowning is 3.4 times more common among boys from low-income families than it is among boys from other families.
- Six per cent of all babies born in Canada suffer from low birth weight, a major contributor to developmental disabilities. Low birth weight is inversely related to income status.[2]
- Children from low-income families are 1.7 times more likely than children from other families to have a psychiatric disorder. They are 1.8 times more likely to perform poorly in school and 2.1 times more likely to develop a conduct disorder — that is, to behave destructively.[3]

What this catalogue of misfortune makes clear is that children who grow up in low-income families stand out from their better-off peers. They are less healthy, have less access to skill-building activities, live more stressful lives, and are subject to more humiliation. In short, they have less stable and less secure existences, and as a result they are likely to be less secure as adults. The fact that public education today is far from free — every parent is familiar with the constant need to cover fees for outings, special events, athletics, arts activities, transportation, and school books and supplies — means that poor children stand out even at public schools. It is not surprising, therefore, that the school drop-out rate among poor children is twice the rate among children who are not poor. Surely, as a fundamental principle of fairness, children's opportunities in life should not depend on the economic circumstances of their parents.

We all know someone who was raised in a poor family and yet turned out to be a happy and successful adult; such exceptions do not disprove the rule. The fact is that the conditions under which children are raised in low-income families in rich countries provide an ideal basis for an unhappy and insecure adolescence and adulthood.

A Cautionary Note

We should make a few definitional matters clear at the outset. First, we shall discuss poverty almost entirely in terms of income. In a materialistic society, the lack of an adequate income will impose extreme hardship.

Second, we use the term "poor" throughout the book to signify material deprivation, not to imply that someone is inadequate or performing his or her tasks poorly. For example, a poor mother is not someone who is doing a poor

job of raising her children, but rather someone who has insufficient income (according to some standard).

Third, when we talk about Canada's "poor" in a collective sense, we do not mean to imply that all poor people are members of a permanent, easily identifiable under-class. Some of the people who are defined as poor by the income measures we use would probably resent the label, since some people are in a better position than others to cope with income shortfalls. Moreover, this shortfall may only be temporary. Our estimates of Canadian poverty are derived from an annual "snapshot" survey. When we talk about poor households, we mean households that are poor in that year. Whether they were poor in the previous year or will be poor in subsequent years is not known.

Nevertheless, it is clear that for some of the people who are deemed to be poor in any given year, poverty is a transitory condition. For example, the average stay on welfare for short-term social assistance recipients in Ontario is about seven months. Many of these people are "poor" for only a short period of time, and their lives will likely not be permanently affected by the experience. Indeed, some of those whom we classify as poor have excellent life chances. Most university students qualify as "poor" on the basis of their incomes, but they know that this state of affairs is temporary. The real tragedy of poverty is lived by those who have given up any reasonable hope of getting out of poverty.

Defining and Measuring Poverty

How should one define and measure poverty in Canada? Two basic approaches are possible. Carried to their extremes, these two approaches establish the possible income bounds of poverty. Between these extremes lie numerous intermediate measures. The first approach is based on the belief that one can determine an absolute measure of poverty by examining the essentials necessary for physical survival. The resultant cost of this basket of essential goods and services is an objective dollar measure of poverty. The strictest application of this approach would result in a standard of living sufficient only to keep the human body together. This purely physical approach would stipulate a budget whose components were food provided by a charitable shelter or food bank, shelter provided by a community hostel, second-hand clothing, and access to basic remedial health care. The poverty line implied by such a budget would be very low; an annual income of $2,000 per person would probably cover it.

The obvious consequence of the absolute approach, if it is rigorously applied, is an utter absence of choice in the matter of how one lives — the shape of one's life is determined entirely by the requirements of a fixed and rock-bottom physical existence.

At the other definitional extreme is the relative approach, which is founded on the belief that any definition of poverty must take into account social as well

as physical well-being. The relative approach is based on equity — that is, on some notion of the extent to which society should tolerate inequality in the distribution of income. It argues that someone who has so little that he or she stands out in relation to the surrounding community will rightly feel deprived. In the rich countries of the industrialized world, the income level associated with this definition of poverty will be many times the level required to assure physical survival. In fact, an argument frequently voiced against relative definitions of poverty is that a typical poor family in Canada would be wealthy if it lived in the Third World. But poor Canadians do not live in the Third World; they live in communities where wealth surrounds them daily. Hence the justification for a relative measure.

It is not surprising that there is no consensus on the question of which basic approach should be adopted. In fact, as we shall see in Chapter 2, most approaches compromise between the two. That is, they attempt to define a basket of goods and services that assures a "minimum" standard of living that is acceptable in social as well as purely physical terms. Since what constitutes a minimum that properly respects the need to function with dignity in society is largely a matter of judgment, there is considerable divergence among the recommended minimum income guidelines, — a divergence in which the lower guidelines tend somewhat toward an absolute or physical definition of poverty and the higher ones toward a relative or social definition.

To a great extent, the enduring debate about the proper definition of poverty is merely academic. Although there is evidence that recognized poverty standards have been used as a guide to the level of payments under the federal government's elderly benefit programs, and to determine eligibility for school lunch programs and the like, they have not been used to set the level of the income safety net. As we shall see in later chapters, the income of poor households falls well below the recommended incomes of the most widely consulted definitions of poverty. For example, the income of the average Canadian poor household in 1986 was $4,500 ($6,400 in the case of a lone-parent mother) below the widely recognized low-income line established by Statistics Canada and $5,300 below the line established by the Canadian Council on Social Development (CCSD). It is accurate to conclude, therefore, that minimum assistance to Canada's poor population is guided mainly by the spirit of the absolute approach to the definition of poverty. The growth and persistence of food banks underscores this conclusion.

2

Working Definitions of Poverty

Canada, unlike the United States, has no "official" definition of poverty.[4] Different agencies in Canada measure poverty in different ways. This chapter describes several of the most important measures:

- The Statistics Canada low income cut-offs.
- The lines of income inequality formulated by the Canadian Council on Social Development.
- The poverty lines established by the Senate's special committee on poverty.
- The Metropolitan Toronto Social Planning Council budget guidelines.
- The Montreal Diet Dispensary guidelines.
- The basic income levels implied by provincial social assistance rates.
- The basic income levels suggested by Gallup public opinion polls.

For purposes of comparison, the chapter also provides estimates of average and median Canadian incomes.

None of these definitions of poverty is exhaustive or precise. They are all *working* definitions, and as such they are all founded on various simplifying assumptions. Given the immense complexity of the problem — the fact that what constitutes poverty varies from place to place and even from household to household — it can be argued that the only alternative to an inadequate definition is no definition at all.

Nevertheless, some working definitions are more inadequate than others. Once we have described the various prevailing definitions of poverty, we turn to an exploration of their shortcomings. Disagreements about how poverty

should be defined generally reduce to two questions. First, what should a proper measure of poverty include in income? Second, what should the measure allow for in terms of expenditure? The answer to either question depends, of course, on place, time, and household circumstances. Accordingly, our analysis considers such matters as how measures of poverty should treat locational differences in the cost of living, how they should deal with subsidized services and income in kind, and whether they should use before-tax income or after-tax income. We also address one serious shortcoming that is common to all of the current measures of poverty in Canada — a failure to measure the *duration* of poverty for different categories of the poor.

Measures of Poverty in Canada

The Statistics Canada Low-Income Cut-Offs

Although there is no official measure of poverty in Canada, the Statistics Canada measure is probably the best known. Virtually all of the statistics used by the other "national" measures of poverty in Canada come from Statistics Canada's annual survey of incomes.[5] Statistics Canada itself does not claim to measure poverty; rather it defines a set of income cut-offs below which people may be said to live in "straitened circumstances." The difference between "straitened

Table 2.1
Statistics Canada Low-Income Cut-Offs, 1989

Size of household	Size of area of residence				
	500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural areas
1 person	13,414	11,788	11,511	10,493	9,135
	(12,063)	(11,457)	(10,748)	(9,936)	(8,921)
2 persons	18,192	15,968	15,602	14,228	12,382
	(15,916)	(15,106)	(14,094)	(13,076)	(11,659)
3 persons	23,122	20,297	19,837	18,084	15,737
	(21,291)	(20,176)	(18,856)	(17,540)	(15,612)
4 persons	26,619	23,386	22,842	20,823	18,121
	(24,534)	(23,317)	(21,797)	(20,275)	(18,048)
5 persons	29,069	25,554	24,941	22,745	19,790
	(28,589)	(27,070)	(25,200)	(23,530)	(20,987)
6 persons	31,568	27,732	27,081	24,699	21,491
	(31,225)	(29,501)	(27,576)	(25,648)	(22,912)
7 or more	33,956	29,809	29,137	26,560	23,124
	(34,368)	(32,543)	(30,415)	(28,285)	(25,244)

Source: Statistics Canada, *Income Distributions by Size in Canada*, 1987, Catalogue No.13-207, pp.34 and 174. The authors have estimated the 1989 cut-offs by adjusting Statistics Canada's figures for an expected inflation rate of 8.5 per cent over the two-year period 1988-1989. The figures in parentheses represent the 1978 base; the other figures use the up-dated 1986 base.

circumstances" and "poverty" is moot, however, and most social policy analysts, politicians, and editorial writers treat the cut-offs as poverty lines. That is how we shall treat them here.

One can date recognition of the extent of poverty in Canada from the publication in 1968 of the Economic Council of Canada's *Fifth Annual Review,* which gave currency to an approach to measuring poverty that had been developed at Statistics Canada by Jenny Podoluk.[6] A Statistics Canada survey of family expenditures in 1959 determined that the average Canadian family spent about one-half of its income on food, clothing, and shelter. A family that spent significantly more than half its income on essentials, Statistics Canada concluded, would be living in "straitened circumstances." It adopted 70 per cent of income as the cut-off point: families that spent more than 70 per cent of their income on essentials would have little or no income left to spend on transportation, health and personal care, education, household operation, recreation, or insurance. The Economic Council's 1968 *Review* applied this measure to 1961 income data and reported that 27 per cent of the overall non-farm population and 25 per cent of families had lived in poverty.

In a 1971 report, Statistics Canada applied the 70 per cent income standard to its surveys of 1965 and 1967 incomes.[7] The report showed that in 1965, 25 per cent of all Canadians and 21 per cent of families were poor. In 1967, the respective figures were 24 per cent and 18 per cent.

Since 1971, Statistics Canada has conducted its income survey annually. Ideally, the family expenditures survey, used for up-dating the cut-offs, should also be annual as well, but in fact it is currently carried out only every fourth year. In calculating its low-income standard, Statistics Canada begins by estimating the percentage of gross income spent by the average Canadian family on food, clothing, and shelter. It then somewhat arbitrarily marks this percentage up by 20 percentage points. The total percentage corresponds for most households to a given income level, and this level becomes the low-income cut-off for that year.

The most recent estimate of the proportion of income spent on essentials is carried forward until a new expenditure survey reveals a different proportion. The 70 per cent standard based on the 1959 survey gave way in 1973 to a 62 per cent standard based on a 1969 survey. This figure in turn yielded, in 1980, to a 58.5 per cent standard based on a 1978 expenditure survey. As we shall see, Statistics Canada is somewhat ambiguous in its treatment of the results of its 1986 survey of family expenditures, which show that in 1986 the average family spent 36.2 per cent of its gross income on food, clothing, and shelter. Application of the usual 20 percentage point mark-up to this figure yields a poverty standard of 56.2 per cent. In the years in which Statistics Canada does not undertake an expenditure survey, it updates its low-income cut-offs in accordance with changes in the consumer price index.

Statistics Canada has always varied its cut-off levels with the number of family members, and since 1973 it has also distinguished between urban and rural communities (a distinction that it has applied retroactively to its data for 1969 through 1972). The larger the community, the higher is the low-income cut-off for any family size. The accommodation of these two factors — family size and community size — results in 35 separate low-income cut-offs.

Statistics Canada's annual survey of incomes used a sample of 42,000 households in 1987. A few of the survey's practices should be clarified. The results of the survey are intended to cover the entire population except residents of the Yukon and the Northwest Territories, natives living on reserves, and inmates of institutions. The survey's measure of "income" is very comprehensive. It includes wages and salaries (before deductions), net income from self-employment, investment income, government transfer payments (such as unemployment insurance payments, social assistance, and old age pensions), training allowances and the like, private pensions, scholarships, and alimony payments. The only exclusions from income are gambling gains, lump-sum inheritances, capital gains, and income in kind, such as free meals and food produced on the farm for domestic use. The survey includes the income of all household members over the age of 15.

The definition of "family" used by Statistics Canada in assessing poverty is the so-called economic family. It includes all of the occupants of a dwelling unit who are related by blood, marriage, or adoption. It also includes couples living together in common law relationships. An "unattached individual" is a person who either lives alone or shares a dwelling unit but is unrelated to the other occupants by blood, marriage, adoption, or common law relationship. In this book we refer to both families and unattached individuals as "households," even though this usage does not strictly agree with the technical definition of a household that Statistics Canada uses in other surveys.

The fact that Statistics Canada bases its poverty line on the proportion of average income devoted to essentials, which has fallen as the Canadian standard of living has increased, implies a commitment to the view that poverty is relative rather than absolute. As Statistics Canada's 1987 incomes report indicates, however, this commitment is not unequivocal. The main text of the report displays two sets of low-income cut-offs for 1987: a set based on the obsolete 1969 expenditure survey and a set based on the 1978 survey. The cut-offs based on the 1986 survey are relegated to an appendix.[8] The report's prominent presentation of obsolete cut-offs is worrying, since it may lead some observers to conclude that Statistics Canada does in fact incline toward an absolute conception of poverty.

Table 2.1 presents two sets of low-income cut-offs for 1989. We derived one set from Statistics Canada's 1986-based cut-offs for 1987 and the other (in

parentheses) from its 1978-based cut-offs for 1987. We have updated both sets by assuming that the cost of living has increased by 8.5 per cent since 1987.

The Canadian Council on Social Development Income Lines

Unlike the Statistics Canada cut-offs, the Canadian Council on Social Development (CCSD) income guidelines are straightforward and represent a purely relative approach to the definition of poverty. The guidelines are based solely on average family income as reported by Statistics Canada (in 1987, the average was $43,604). The CCSD deems one-half of average income to be the poverty line for a family of three members, which is the Canadian average (to be precise, it is 3.2). It assigns an individual 50 per cent of the basic three-member-family value and a family of two 83 per cent. Families of more than three members receive an increment of 16.7 per cent for each additional member; the increment is a rough estimate of the annual living costs of an additional member. Before 1979, the CCSD centered its income lines on a family of four. A steady decline in average family size prompted the shift to a family of three, a change that increased the values of the lines.

Table 2.2
Lines of Income Equality Developed by the Canadian Council on Social Development, 1989

Household size	Income level
1 person	$11,828
2 persons	19,712
3 persons	23,655
4 persons	27,597
5 persons	31,540
6 persons	35,483
7 persons	39,426

Source: The Canadian Council on Social Development.

The CCSD's income lines, which a national task force developed in 1973, were not originally intended to be measures of poverty as such. Rather, they were developed in order to address the problem of severe and persistent income inequality in Canada by defining a minimum standard of income equality for Canadian families. The CCSD considers an appropriate minimum to be not less than one-half of the average family income in the community. Since the relevant community for the CCSD's purposes is Canada, the CCSD does not adjust the lines to take into account differences in income among regions or between rural and urban households. Over time, a number of voluntary organizations and a few public agencies have come to regard these lines as poverty lines. Nevertheless, the lines do not measure poverty or need in the sense of providing estimates of the cost of essentials.

The most recent year for which precise CCSD lines are available is 1987. To obtain estimates of the 1989 lines, we have increased the 1987 figures by 8.5 per cent, the estimated inflation rate. Table 2.2 presents the estimated 1989 values.

The Senate Committee Poverty Lines

One of the recommendations of the 1968 Economic Council of Canada report, which we mentioned in our discussion of the Statistics Canada cut-offs, was the establishment of a special Senate committee to examine the problem of poverty in Canada. The committee convened under the chairmanship of Senator David Croll in 1968 and released its report in 1971.[9]

The Senate committee noted that the accepted measure of poverty — the Statistics Canada measure — was based on an expenditure survey conducted in 1959. Hence the measure failed to take into account the rapid rise in the Canadian standard of living since 1959. To get around this shortcoming (although, as we have seen, Statistics Canada did subsequently revise its low-income cut-offs), the committee developed a purely relative approach to the definition of poverty.

Table 2.3
Senate Committee Poverty Lines, 1989

Household size	Poverty line
1 person	$11,425
2 persons	19,063
3 persons	22,872
4 persons	26,680
5 persons	30,488
6 persons	34,297
7 persons	38,105

Source: Office of Senator David Croll. The authors have adjusted the 1987 figures provided by Senator Croll's office to reflect increases in the cost of living to 1989.

The Senate committee established two sets of lines: a set of poverty lines and a set of income guarantees designed to provide a basis for the committee's proposed guaranteed annual income program. The guarantees were intended to cover basic needs and would represent 70 per cent of the poverty line amount. The committee set the minimum guarantee for a family of four in 1969 at $3,500. It based this figure on consumer expenditure data and the prevailing social assistance rates, among other factors. The committee then divided the $3,500, somewhat arbitrarily, by seven and called the quotient of $500 a "family size equalizer point." Under the guaranteed annual income scheme, an individual would receive three equalizer points of income, or $1,500, in 1969. A family of two would receive five points, a family of three six points, and so on. The actual poverty lines were then set so that the minimum guarantees were 70 per cent of them.

Unlike the Statistics Canada cut-offs then in use, the Senate committee poverty lines allowed for families of more than five members. The committee made no adjustments, however, for place of residence. The purpose of the poverty lines was to provide a basis for the committee's guaranteed annual income scheme, and the committee felt that a national program of this type could not differentiate among regions or between rural and urban households.

The Senate committee emphasized its commitment to a relative definition of poverty by choosing to revise its lines each year on the basis of changes not only

in the consumer price index but also in total disposable (after-tax) income. Senator Croll's office occasionally updates the committee's lines, and the most recent revision is for 1987. We have increased the 1987 lines by 8.5 per cent to provide estimates of their likely values for 1989. These estimates appear in Table 2.3.

The Metropolitan Toronto Social Planning Council Budget Guides

The Metropolitan Toronto Social Planning Council (MTSPC) combines an objective or "shopping basket" approach to the definition of poverty with a relative approach. That is, it seeks to identify a selection of goods and services whose cost represents the minimum expenditure necessary for social — rather than merely physical — survival. Many social analysts have a high regard for the MTSPC's procedure for determining minimum expenditure. Unfortunately, although the procedure can be used anywhere, the poverty lines ("budget guides") that result from the MTSPC's use of it are specific to Toronto. They are not necessarily applicable to other parts of the country.

Table 2.4
Metropolitan Toronto Social Planning Council Budget Guidelines, 1989

Type of household	Budget guideline
Single employable	$16,398
Mother, 2 children	21,694
Couple, 2 children	30,204

Source: Metropolitan Toronto Social Planning Council. The authors have updated the Council's January 1987 figures to reflect increases in the cost of living to 1989.

In defining its budget guides, the MTSPC begins by breaking expenditure down into 12 categories. A panel of experts and non-experts drawn from the community then assigns to each category specific items that in its judgment must be within people's reach if they are to function socially at a minimum level, given the prevailing standards in the community. This approach makes provision for items such as a daily newspaper, dental care, shelter appropriate to the composition of the family and the ages and sexes of the children, recreation provided through institutions such as the YMCA and YWCA, supplies for adequate household maintenance, basic personal care items such as toothpaste and shaving equipment, and a one-week vacation at a nearby rented cottage. The panel assumes that transportation needs can be met entirely by public transit. It revises the contents of the shopping basket from time to time to reflect changes in community standards.

The next step is to cost the contents of the shopping basket at prevailing prices. This task is performed by professional buyers, who are trained to acknowledge the realities of shopping on a small budget. For example, the buyers must bear in mind the fact that low-income families are seldom able to cross town in order to take advantage of one-time shopping specials; nor can such families normally afford to stock up on bargain items. The cost of all of the items in the basket

represents the appropriate budget guide for a particular type of family — that is, a family of a given size and composition.

Because the MTSPC calculates a separate budget guideline for each family type, the total number of guidelines is large. Table 2.4 presents the MTSPC's 1989 guidelines for a few selected family types.

The Montreal Diet Dispensary Guidelines

The Montreal Diet Dispensary, in conjunction with a committee of welfare case workers associated with the Montreal Council of Social Agencies, has long maintained a set of minimum income guidelines that it updates periodically. The amounts of income that the Dispensary assigns to different family types are designed to provide for "the minimum adequate requirements for the maintenance of a family as a unit and the preservation of health and self-respect of the individual members." Like the Metropolitan Toronto Social Planning Council, the Dispensary breaks expenditure down into basic categories — eight in this case — and then prices the items in each category. The Dispensary uses standards that have in most cases been established elsewhere but modifies them to suit its own judgment about what constitutes a minimum in each case.

Table 2.5
Montreal Diet Dispensary Budget Guidelines for Basic Needs, 1989

Type of household	Budget guideline
Single employable	$ 7,836
Mother, two children	12,704
Couple, two children	15,891

Source: Montreal Diet Dispensary, *Budgeting for Basic Needs*, 1988. The authors have updated the 1988 figures to reflect increases in the cost of living to 1989.

Unlike the MTSPC, the Dispensary does not routinely adjust the contents of its categories to reflect changes in living styles and increases in the standard of living. Thus the Dispensary has not revised its basic reference standard for clothing since 1959, its dietary standard since 1975, its standard for the replacement of basic furnishings since 1953, its personal allowances and entertainment standard since 1949, or its furniture and repairs standard since 1979. The Dispensary simply updates the prices of items in these categories to reflect changes in the cost of living. The result is that the Dispensary's budget guidelines lean towards the absolute approach to the definition of poverty. As Table 2.5 shows, the values of these guidelines are much lower than the values of the three more relative income lines that we discussed above. The guidelines have more in common with the social assistance rates established by the provinces, which we shall examine in the next section.

Provincial Social Assistance Rates

The basic provincial social assistance rates are implicit poverty lines. Most recipients of basic social assistance payments have no other income apart from modest federal government child and sales tax credit benefits and, in some cases, provincial supplements of one kind or another. Consequently, one can look upon social assistance as the definition of minimum income that has received the sanction of government.

Under the 1966 legislation that introduced the Canada Assistance Plan (CAP), the federal government shares the costs of basic social assistance with the provinces. The legislation specifies that the Federal government will share the cost of provincial assistance payments for food, clothing, shelter, fuel, utilities, household supplies, health care, travel and transportation, and personal requirements (the last item encompasses personal care, cleanliness and grooming, and recreation). It is left to the individual provinces to decide how much to allow for each category of expense and hence what the overall level of assistance will be.

None of the provinces works out an explicit budget in order to determine the adequacy of the basic assistance levels or seeks to ensure that the benefits granted do in fact minimally satisfy the requirements enumerated under the CAP legislation. Consequently, one cannot assume that recipients of social assistance have incomes sufficient to cover essentials. Studies submitted to the Ontario Social Assistance Review Committee by the municipalities of Ottawa and Toronto show that welfare recipients in these cities routinely spend between 50

Table 2.6
Annual Incomes of Households that Receive Social Assistance, 1988

	Family type			
Province	Single employable	Single disabled	Mother, two children	Employable couple, two children
Newfoundland	$3,504	$5,664	$9,396	$10,344
Prince Edward Island	5,568	7,224	9,720	11,328
Nova Scotia	4,944	5,796	10,368	10,560
New Brunswick	2,724	5,292	8,364	8,772
Quebec	2,256	5,856	8,688	10,836
Ontario	5,604	8,316	11,916	12,516
Manitoba	4,932	5,532	10,236	12,108
Saskatchewan	4,860	6,420	10,980	13,320
Alberta	4,860	8,640	11,184	12,984
British Columbia	5,160	6,996	11,052	11,676

Source: Ontario Social Assistance Review Committee, *Transitions* (Toronto: Government of Ontario, 1988), Table 4, p.58.

and 75 per cent of their total monthly allowances on shelter alone. This leaves little for food and clothing, let alone health care, household operation, education, transportation, and personal care. In addition, studies and newspaper articles have drawn attention to the fact that people on welfare must resort increasingly to food banks in order to meet basic needs.

Although it is easy enough to compare the basic, cost-shared social assistance rates across the provinces, the task of comparison is not so easy when one tries to account for "extras" that provinces may provide. A given province may — or may not — provide shelter allowances, free health care, winter clothing and school allowances, special services for people with disabilities, or supplementary assistance that case workers can dispense at their discretion to meet special or emergency situations. The figures in Table 2.6 combine the basic provincial rates with the maximum values of shelter subsidies where these subsidies are normally available on a general basis. Although the figures fail to allow for other forms of public transfers, such as family allowances, they do, nonetheless, give a reasonably accurate impression of the levels of assistance available to Canadians with little or no other income and few assets.

The figures in Table 2.6 represent the rates of social assistance that prevailed in January 1988. In most cases, it would be safe to increase the figures by about 5 per cent to obtain the likely 1989 rates. A comparison of Table 2.6 with any of the previous four tables makes it clear that social assistance authorities tend to adopt an absolute, or basic needs, approach to the definition of poverty.

Public Opinion

An annual poll conducted by the Gallup organization provides a guide to what the general public considers to be an appropriate guide to poverty. The poll asks this question: "What is the minimum weekly amount of income required for a family of four, consisting of two adults and two children?" In 1988, the average response was $452 per week, or $23,504 per year. This amount is similar to the Statistics Canada low-income cut-off for a four-member family in a large community. Thus the general public would seem to favour a relative approach to the definition of poverty.

Average and Median Incomes

It is instructive to compare the poverty lines that we have discussed — especially the lines based largely on a relative definition of poverty — with the prevailing average and median incomes for Canadian households, which we present in Table 2.7. The most recent data available are for 1987; our estimates for 1989 are based on adjustments for expected rates of inflation. The definition of income is the broad definition described earlier in the section on Statistics Canada's low-income cut-offs. It is before-tax income.

Table 2.7
Average and Median Canadian Incomes, 1989

Household type	Average income	Median income
Family	$47,310	$42,153
Unattached individual	20,270	15,637
All households	39,022	32,983

Source: Statistics Canada, *Income Distributions by Size in Canada, 1987*, Catalogue No.13-207, pp. 74,83 and 93. The authors have updated the 1987 figures by adjusting them for an expected inflation rate of 8.5 per cent for 1988 and 1989.

Problems

In addition to the fundamental problem of defining adequacy, the measurement of poverty faces other difficult questions. One of the most difficult is the question of what adjustments should be made to a basic poverty line once that line has been established. All of the measures we have discussed recognize family size; otherwise there is not much agreement among them about what variables a poverty measure should take into account.

Ideally, the measurement of poverty would reflect the relationship between *real* income and *need* for each Canadian household. The realization of this ideal would, however, result in approximately ten million separate values. Real incomes and needs vary, and seldom according to neat categories. People with severe disabilities usually have greater income needs than others. People who live on farms may have slightly smaller income needs, since they can produce some food for themselves more cheaply than city-dwellers can buy it. Some households reduce their need for cash income by participating in local informal economy networks whose members exchange goods and services. Residents of some provinces receive for free or at subsidized prices services that residents of other provinces may pay for in full. Urban households face higher shelter costs than rural households; on the other hand, rural households face considerably higher transportation costs than urban households and often have little access to many services that are readily available in cities. (How likely is a lone-parent mother to find subsidized day care in a small village?)

The definition of ten million values is, no doubt, out of the question. It is possible, however, to design poverty measures that take most of the factors that we have just mentioned into account in a more or less general way. Disability, income in kind, access to subsidized services, and locational differences in the cost of living are all matters for which a well-conceived set of poverty measures can make some provision, and indeed some of the poverty measures that we have discussed do accommodate a wide range of variables.

On the other hand, it is possible to argue that measures of poverty should be fairly simple. One objection to the fine-tuning of poverty lines is unwieldiness:

we have seen that the Statistics Canada measure, by taking just two variables into account (family size and urban/rural expenditure differentials), yields 35 separate values. Elaborate categorization of the poor can also lead to perceptions of unfairness — especially, as our subsequent discussion will show, if the resulting poverty lines are used as the basis for government programs.

Before-Tax or After-Tax Income?

An important shortcoming of existing poverty lines, according to some critics, is the fact that most of them (the Senate committee line is the exception) are based on gross income in a time of rising taxes. Should the lines use before-tax or after-tax income? If taxes are rising, then a poverty line that is based on before-tax income will provide less and less after-tax income over time. This outcome is irrelevant if the poverty line is entirely relative (as the CCSD line is), since as taxes rise all taxpayers' after-tax incomes will decline relative to their before-tax incomes. It is a different matter, however, if the poverty line uses before-tax income and bases itself on the cost of a basket of goods and services, since in this case the decline in the value of the line as taxes rise is a decline in the amount allowed for the purchase of basic necessities.

Table 2.8 provides some indication of how the growing gap between before-tax and after-tax incomes in Canada has affected the definition of poverty-level income. Although the divergence over time between before-tax and after-tax income has been relatively small in the case of families, it has been relatively large in the case of unattached individuals. One would have to increase an individual's 1986 take-home income by about $800 to provide them with the equivalent of their after-tax position in 1973. Clearly, the designers of poverty lines based on households' ability to purchase basic items must use after-tax rather than before-tax income if the values of their measures are not to decline over time.

Table 2.8
A Comparison of Before-Tax and After-Tax Poverty Levels, 1973-1986

	1973			1986		
Family type	Before-tax income	After-tax income	Ratio	Before-tax income	After-tax income	Ratio
Couple, two children	$6,323	$5,977	94.5%	$22,415	$20,417	91.1%
Individual, non-elderly	2,582	2,481	96.1	12,314	11,054	89.8

Source: Tabulations performed by the authors on the basis of data from Statistics Canada, Survey of Consumer Finances micro-data tapes.

Locational Adjustments

Of the three agencies that calculate national poverty lines, only Statistics Canada adjusts its lines to take into account locational differences in the cost of living. According to Statistics Canada's 1987 cut-offs (1986 base), a rural household requires only 68 per cent of the income of a household in a large metropolitan centre to maintain the same relative standard of living.

The only defensible rationale for a lower rural cut-off is that it costs less to live in the country. But is this the case? Rural life may be simpler than urban life — in part at least because rural incomes are much lower than urban ones — but it does not follow that rural households pay significantly less for basic necessities. The popular assumption is that country living is cheaper than city living, but is the difference as great as 32 per cent?

The major shortcoming of the Statistics Canada approach to estimating the difference between urban and rural living costs is that it takes into account expenditures on food, clothing, and shelter alone and ignores the expenditures that constitute the remaining two-thirds of the average household's budget. For example, shelter may be less expensive in some rural areas than in cities, but this consideration is offset to some extent by the lack of subsidized public transport in rural areas and the higher travel costs that this lack entails. Rural households also face higher prices for many goods than do their urban counterparts, since they have access to fewer — and hence less competitive — retail establishments. Finally, rural households often have poor access, or no access at all, to subsidized public services such as daycare, home care, health services, and education. In short, rural households either pay more than do urban households for access to competitively priced goods and subsidized services or go without.

A 1987 study of income adequacy conducted for the Ontario Social Assistance Review Committee concluded that the only items in household budgets whose costs in rural areas were significantly different from their costs in urban areas were shelter and transportation.[10] The cheapest shelter tended to be in medium-sized cities and towns and the most costly in large urban centres and rural areas. Basic transportation costs were highest in rural areas.

More important, however, were two other findings. First, there was considerable variation (36 per cent) in shelter costs even among large Ontario cities. Second, the size of the variation in shelter costs across Ontario depended to a large extent on three factors that had nothing to do with location: (1) the type of household, (2) its income level, and (3) whether the household rented its shelter or owned it. Clearly, differences in shelter costs do not follow any pattern, locational or otherwise, that one can easily build into poverty or social assistance guidelines.

The CCSD's national task force on poverty measurement examined evidence and conducted hearings on the rural/urban issue in 1983. The task force's summary observation was somewhat inconclusive:

> Although the task force feels that there is little difference in the cost of purchasing a basic standard of living in rural or urban areas, there is need for a more systematic examination.[11]

Poverty Lines and Politics

As long as national poverty lines are used only for estimating the number of poor people in Canada, conducting studies, and measuring progress in reducing poverty, then adjustment of the lines to reflect locational differences in costs will draw little critical fire. Statistics Canada has been adjusting its cut-offs since 1973 to take into account differences between urban and rural living costs, but few people are aware of this practice and fewer still are affected by it.

A livelier response would ensue if the lines were used to determine the value of government benefits, or as the basis for a guaranteed income. If the lines came to affect people's lives directly, then any distinctions in treatment on the basis of locality would be noted and questioned. Were the federal government to use Statistics Canada's distinction between rural and urban households for determining the value of benefits under universal benefit programs (such as Family Allowances and Old Age Security), it would create a political storm.

In addition to the political problem, there would be an administrative one. Program administrators would find it difficult to neatly delineate and segregate the population according to the five residence categories used by Statistics Canada. Neighbours who lived across the road from one another, or within a few miles of each other, could find themselves treated differently not on the basis of income, but on the basis of imperceptible geographical variances. Such necessarily arbitrary solutions to administrative difficulties would in turn create further political problems.

The lack of any regional or cost of living adjustments in the Senate committee and CCSD lines is quite defensible, given the lines' original purpose. Both measures were designed to provide income guidelines for a national guaranteed income scheme. They were designed, that is, to assure all Canadians the same level of minimum income support wherever they lived. The reference group was all Canadians, not just those in a given geographical vicinity.

The rationale for using a broad reference group is that people in rural Newfoundland, downtown Toronto, and suburban Vancouver all judge their own living standards by what they see of and hear about the living standards experienced by other Canadians. And modern communications ensure that Canadians everywhere are aware of the conditions of life for Canadians everywhere else. If an income line is to be adopted as the basis for a national minimum income guarantee, it must be politically acceptable, and variable lines

are not politically acceptable. In this respect, the CCSD task force observed that for the purpose of establishing a floor income for national income policies "to accept and adjust poverty lines downward for lower incomes in the Atlantic provinces and in rural areas seems only to institutionalize these low incomes."[12]

The Duration of Poverty

However poverty is defined, the next step is to use this definition to determine the severity of poverty in Canada. "Severity" in this context has three dimensions: extent (how many households are poor?), depth (how poor are the poor?), and duration (how long are poor households poor?). Virtually all national estimates of poverty are based on Statistics Canada's annual income survey (with some assistance from census data). From this annual data it is possible to estimate reliably the extent and depth of poverty in Canada. But it is not possible to estimate how long low income persists for any individual household.

For example, we know that lone-parent mothers make up about 30 per cent of the poor population each year, but we do not know if they are the same mothers each year or new ones. How quickly do people leave low-income status? Social assistance recipient data are helpful only to a point. We know that in Ontario the average single recipient of social assistance remains on the rolls for about seven months and the average lone-parent mother for about three and one-half years. But one-half of the people deemed to be in poverty in Canada are the "working poor" — people who do not touch upon the social assistance system in large numbers. We do not have much information about how long these people remain in poverty. Moreover, it is not at all certain that when people leave the social assistance system they also leave poverty. They may simply join the working poor.

Fortunately, there is a growing awareness of the need for longitudinal income data, and organizations such as the Economic Council of Canada and the CCSD, and many academics as well, are beginning to collaborate in an effort to ensure that data of this type will be collected in the future. But until we do know more about how long people suffer from poverty, we shall continue to know relatively little about the severity of the poverty measured each year by Statistics Canada. The connection between duration and severity is obvious: short-term poverty is easier to bear than the prospect of life-long poverty.

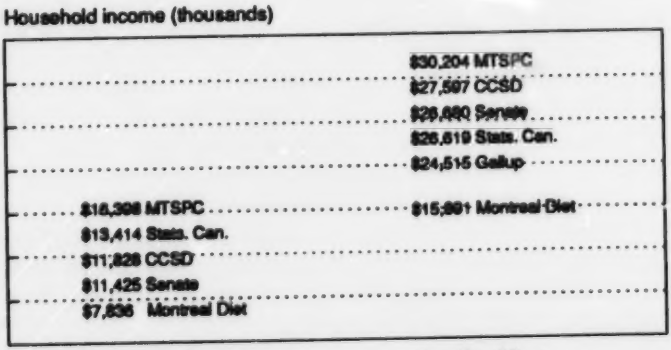
The question of how long poverty lasts is an important one for the purposes of public policy. If most low-income households go in and out of poverty for only short intervals, then income-maintenance programs are the most appropriate response. But if poverty tends to be of long duration, then employment, training and education schemes, as well as support services, will be important parts of any anti-poverty program.

Conclusion

Our discussion of the major measures of poverty used in Canada has shown that four of these measures — the three national poverty lines and the Gallup poll findings — have much in common. For example, for a family of four members in 1989, the Statistics Canada, CCSD, and Senate lines are, respectively, $26,619, $27,597, and $26,680 — a spread of only 3.7 per cent. The Gallup poll figure (adjusted to 1989 prices) is $24,515. The spread among the national lines is wider for unattached individuals than it is for families, but the lines are in basic agreement. This agreement becomes starkly apparent when one compares the national lines with the leading approach to an absolute, physical-survival definition of poverty — the definition implied by provincial social assistance rates. The provinces' average income cut-off for a family of four is in the neighbourhood of $11,000, or less than half the value of any of the national measures, all of which define poverty in relative terms.

If one accepts that poverty can be properly described only as a relative condition — which the CCSD does — and that there will never be agreement on one precise cut-off point between poor and non-poor incomes, then it is possible to accept any one of the three national measures as a reasonable basis for the analysis of poverty in Canada. The statistical chapters that follow use both the Statistics Canada line and the CCSD line. This choice does not imply a rejection of the Senate committee line; it simply represents a decision to keep the analysis within reasonable bounds.

Figure 2-1 ***Various Poverty Measures for Urban Households, 1989***



MTSPC = Metro Toronto Social Planning Council

CCSD = Canadian Council on Social Development

3

Poverty and Income Distribution, 1987

This chapter presents the most current figures available on the incidence and distribution of poverty and the distribution of income in Canada. We provide three sets of poverty estimates that apply to the population in general; these estimates result from the application of the Statistics Canada, CCSD, and Senate Committee definitions of poverty to Statistics Canada's survey of household incomes in 1987. The income survey does not include natives or single out disabled persons, two groups for which poverty is especially severe. For these groups, we provide income distribution data from the 1986 census. The chapter concludes with a short section on the distribution of incomes in Canada in 1987.

Poverty Estimates

Statistics Canada

If one uses Statistics Canada's definition of poverty, the poverty rate for families in 1987 was 13.1 per cent. The family rate has moved up and down, more or less in tandem with changes in the health of the economy, since Statistics Canada initiated its present method of reporting low income in 1973, but it has tended to stay within a percentage point or two of the 13 per cent level. It is precisely because the rate has been fairly constant since 1973, however, that the total number of families below the Statistics Canada low-income line has grown substantially — from 701,000 in 1973 to 895,000 in 1987, an increase of 28 per cent.

Since 1973, the rate of poverty for unattached individuals has been roughly three times the rate for families. In 1987, it stood at 37.5 per cent. This figure

represents a decline from the 40 per cent rates that prevailed in the 1970s, but it is in keeping with what has been a relatively stable pattern so far in the 1980s. Because of rapid growth of Canada's unattached population in general, however, the number of poor unattached individuals has grown even more than has the number of poor families. There were 766,000 low-income unattached individuals in 1973 and nearly 1.14 million in 1987 — an increase of 48 per cent.

The total number of poor households — families plus unattached individuals — is 2.03 million, an increase of 570,000 since 1973. It is extremely important to focus on the absolute number of poor households and not just on the rates of poverty, since it is the numbers that indicate the population at risk — that is, the group of people most likely to require the services and assistance of voluntary social and health agencies, government social service departments, and public income support programs. Thus the social service system faces a potential clientele that is more than 0.5 million households larger now than it was in 1973.

Table 3.1 provides a detailed analysis of poverty in canada, as poverty is defined by Statistics Canada. The terminology used in the table and in similar tables that follow may require some explanation. The "incidence" of low income is the same as the poverty rate and represents the degree of likelihood that a given household will have a low income. For example, the incidence of family poverty in Ontario is 9.3 per cent, which means that a family in Ontario has 9 chances in 100 of being poor — a relatively low degree of likelihood. To judge whether an incidence figure is relatively high or relatively low, it is necessary to compare it with the benchmark national rate. Any family in Canada as a whole has 13 chances in 100 of being poor — a degree of likelihood somewhat higher than that of families in Ontario.

The figures in the "percentage distribution" column break down the total number of low-income Canadian households by province of residence, age, education, and other characteristics (to obtain the number of poor in any category, simply multiply the total number of households at the head of the appropriate column by the relevant percentage). For example, of all the poor families in Canada (895,000), 25.8 per cent (230,900) live in Ontario. By itself, this figure gives the impression that Ontario has a disproportionate share of Canada's poor people. But Ontario also contains 36.4 per cent of all Canadian families. So the province is in fact substantially "under-represented" (relative to the country as a whole) in the poverty rolls.

Misapprehensions of this kind will not arise if one also takes incidence into account. If the incidence value for a given characteristic is greater than the poverty rate as a whole, then that characteristic is "over-represented" in the poverty rolls; that is, the proportion of the poor that exhibits the characteristic is larger than the proportion of the general population that exhibits it. If poverty

Table 3.1
Incidence and Percentage Distribution of Low Income, 1987 — Statistics Canada Definition (1986 Base)

	Incidence		Percentage distribution	
	Families	Unattached individuals	Families	Unattached individuals
Total h'holds (000's)	895	1,137	895	1,137
Characteristic				
Canada	13.1%	37.5%	100.0%	100.0%
Newfoundland	19.5	48.1	3.1	1.3
Prince Edward Island	10.3	36.7	0.4	0.4
Nova Scotia	12.1	39.4	3.1	3.3
New Brunswick	15.4	47.5	3.2	2.6
Quebec	16.3	44.6	33.1	29.4
Ontario	9.3	32.7	25.8	31.6
Manitoba	14.1	40.5	4.4	4.5
Saskatchewan	12.8	35.2	3.7	3.7
Alberta	14.3	36.3	10.0	9.3
British Columbia	15.0	35.5	13.2	14.0
Size of community				
100,000 or more	14.5	39.3	65.3	72.4
30,000-99,999	13.0	36.6	9.4	8.6
less than 30,000	11.0	35.5	10.8	12.2
rural	10.1	27.6	14.6	6.8
Weeks employed				
full year	5.2	12.8	25.3	15.1
some (1-48 weeks)	23.8	56.7	28.2	29.0
none	29.8	57.6	46.5	55.9
Age of head				
under 25 years	29.1	52.3	8.4	20.8
25-34	16.0	24.4	27.8	16.6
35-44	11.4	24.7	22.5	8.1
45-54	8.1	32.7	11.3	7.5
55-64	12.3	39.7	14.7	11.7
65 and over	14.1	47.9	15.3	22.9
Age and sex				
male	9.9	32.3	67.4	39.8
- under 65 years	9.2	31.8	54.2	33.2
- over 65	13.8	35.5	13.3	6.6
female	39.4	41.9	32.6	60.2
- under 65 years	43.2	35.6	30.5	31.6
- over 65	16.8	52.1	2.0	28.7
Family type				
couple/children	9.4	0.0	36.7	0.0
lone-parent/male	15.2	0.0	1.7	0.0
lone-parent/female *	46.6	0.0	28.4	0.0
couple/no children	10.9	0.0	25.3	0.0
individual	0.0	37.5	0.0	100.0
other family	16.0	0.0	5.7	0.0
Education				
0-8 years	18.7	57.5	29.6	30.8
some high school	13.7	36.9	47.0	38.7
some post-secondary	12.1	39.0	7.0	11.7
certificate/diploma	10.1	28.9	9.5	11.0
university degree	6.2	19.6	7.0	7.9
Number of earners				
none	36.8	57.9	35.6	56.5
one	21.2	25.7	37.8	43.5
two	6.3	0.0	22.1	0.0
three or more	2.5	0.0	3.5	0.0

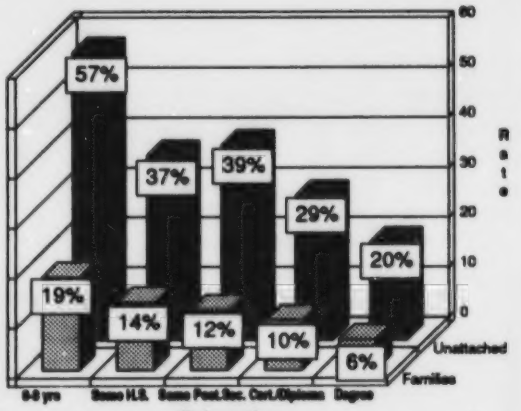
* The estimated poverty rate for lone-parent families that are headed by women and include dependent children under 18 is 56 per cent. See Table 5.3.

Source: Statistics Canada, *Income Distributions by Size in Canada, 1987*, Catalogue No.13-207, pp. 178-184.

struck completely at random among families, the rate for all characteristics would be the national rate of 13.1 per cent.

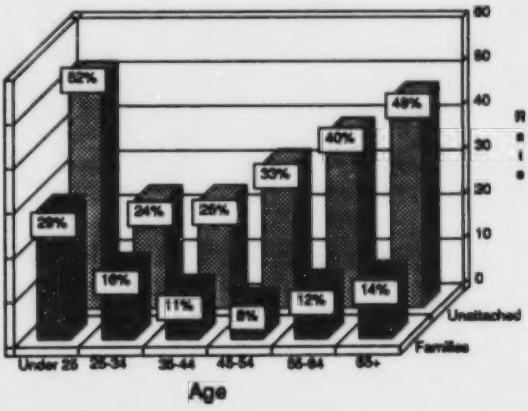
The percentage distribution data tell us where the poor are. The incidence data direct us to the probable causes of poverty — or, more correctly, to the factors strongly associated with it. For example, the distribution percentage for Newfoundland suggests nothing remarkable: only 3 per cent of poor Canadian families live in Newfoundland. The incidence data, however, show us that one Newfoundland family in five has a low income. Consequently, if one were looking for causes of poverty, one might examine particular factors associated with Newfoundland in order to determine exactly what it is in Newfoundland that produces higher than average rates

Figure 3-1
Incidence of Poverty among Canadian Families and Unattached Individuals, 1987, by Education of Head



Source: Statistics Canada, *Income Distributions by Size in Canada, 1987*

Figure 3-2
Incidence of Poverty among Canadian Families and Unattached Individuals, 1987, by Age of Head



Source: See Figure 3-1.

of poverty. A second example: 28 per cent of the poor are lone-parent mothers, but lone-parent mothers with children under 18 years have a 56 per cent chance of being poor. Consequently, lone-parent mothers, like residents of Newfoundland, are a group to which any investigation of the causes of poverty might profitably turn its attention.

(The maps of Canada at the end of this chapter clearly illustrate the difference between the incidence data and the distribution data.)

Given this introduction to the type of data that figure most prominently in this book, we can now turn to the highlights of Table 3.1. Among families, the provincial rate of poverty is significantly higher than the average only in Newfoundland. Families headed by a person with little formal education are also highly susceptible to poverty, but not as susceptible as families headed by a person under 25 years of age. The highest rate of all, however, is reserved for families headed by a lone-parent mother with children under 18 years; in this case, as we have already noted, the rate is around 56 per cent.

For unattached individuals, the provincial rates are highest in Newfoundland, New Brunswick, and Quebec. The rate for people over the age of 65 is very high, but somewhat higher for women, at 52.1 per cent, than for men. Women have a better-than-even chance of being poor simply by virtue of being elderly and unattached.

Poverty is, of course, closely associated with employment patterns and the number of earners in a household. A family is six times more likely to be poor if the head has not worked during the year, and one-earner families face three times the risk faced by two-earner families. A point of considerable interest is that 25 per cent of the heads of poor families and 15 per cent of poor unattached individuals worked a full year (49 or more weeks). In spite of their full-time employment effort, these "working poor" were unable to generate incomes equal to the poverty line.

It will do finally to consider not where poverty occurs most frequently, but where the number of poor people is greatest. The "typical" poor family will most likely be found in Quebec (33 per cent of Canada's total poor) or Ontario (26 per cent), in the largest cities (65 per cent), among families whose members had no employment at all (46 per cent), among families headed by someone 25 to 34 years old (28 per cent), among couples with dependent children (37 per cent), and among those who do not have a high school diploma (47 per cent).

Canadian Council on Social Development

Because Statistics Canada's 1987 income files were not available when this was written, we were able to use the CCSD definition of poverty to estimate only the national poverty rate and the total numbers in poverty, but not any further detail.

As a comparison of Table 3.2 with Table 3.1 shows, the CCSD estimate of the number of poor households is almost 0.5 million households larger than the

Statistics Canada estimate. Because the Statistics Canada poverty line for unattached individuals in larger cities is higher than the CCSD line for unattached individuals in general, the Statistics Canada estimate for individuals is slightly higher than the CCSD estimate. On the other hand, the Statistics Canada poverty lines for families are lower than the CCSD lines, so the Statistics Canada estimate for families is much lower than the CCSD estimate.

Table 3.2
Rates of Poverty and Total Numbers of Poor, 1987 — CCSD Definition

	Number	Rate (%)
Families	1,407,000	20.5
Unattached individuals	1,113,000	36.7
Total households	2,520,000	25.5

Source: Estimated from data presented in Statistics Canada, *Income Distributions by Size in Canada, 1987*, Catalogue No.13-207.

Senate Committee on Poverty

Although the Senate's special committee was disbanded after it submitted its final report in 1971, Senator Croll, the former chairman of the committee, continues to produce estimates of how many households fall below the Senate committee lines. As Table 3.3 shows, Senator Croll's estimate for all households is lower than the CCSD estimate but higher than the Statistics Canada estimate.

Table 3.3
Rates of Poverty and Total Numbers of Poor, 1987 — Senate Committee on Poverty

	Number	Rate (%)
Families	1,286,000	18.8
Unattached individuals	1,046,000	34.5
Total households	2,332,000	23.6

Source: Senator David A. Croll, December 1988.

Natives

Statistics Canada's annual survey of incomes excludes households on native reserves. Because poverty is higher among natives than it is among the rest of the Canadian population, the consequence of this exclusion is that the various poverty estimates understate the extent of poverty in Canada. Table 3.4 uses data from the 1986 census to compare the distribution of income among natives with the distribution among the population as a whole. Since Statistics Canada's method of collecting and presenting the census income data is slightly different from its method of handling the annual income survey data, it is not possible to combine the census data directly with the survey findings.

The data in Table 3.4 represent the incomes of all individuals with income in 1985. The data do not distinguish between individuals in families and individuals who live alone, so it is not possible to establish precise poverty cut-offs. However, the distribution of income does make it clear that natives' incomes

Table 3.4
Percentage Distribution of Natives and All Individuals with Income, by Income Class, 1985

	Natives			
	Single origins [a]	Multiple origins [b]	Total	All individuals
Number	186,990	145,615	253,980	17,121,000
Income class ($)	100.0%	100.0%	100.0%	100.0%
0-4,999	35.5	25.9	30.7	19.0
5,000-9,999	27.1	19.8	23.5	20.1
10,000-14,999	13.3	13.4	13.4	13.8
15,000-19,999	8.1	10.8	9.4	11.3
20,000-24,999	5.9	8.9	7.4	9.4
over 25,000	10.2	21.2	15.6	26.3

[a] Native ancestry only.
[b] Mixed native and non-native ancestry.

Source: Statistics Canada, *Census of Canada, 1986.*

tend to be lower than the incomes of other Canadians. If all individuals with incomes lived alone, the corresponding low-income cut-off would be around $10,000; of natives with incomes, 54.2 per cent fall below this cut-off, but only 39.1 per cent of all Canadian individuals with incomes fall below it. (The latter figure happens to correspond almost exactly to the Statistics Canada estimate of poverty for unattached individuals in 1985.)

Statistics Canada's income survey, however, does not exclude all natives but only natives who live on reserves. It is likely that most of the 265,000 natives on reserves are single-origin natives, and over 62 per cent of single-origin natives with incomes had incomes below $10,000 in 1985. If this percentage of natives on reserves live below the poverty line, then the inclusion of natives on reserves in Statistics Canada's income survey would add about 160,000 people to the poverty rolls. The result would be an increase in Statistics Canada's 1985 poverty rate for all persons from 16.0 per cent to perhaps 16.7 per cent. This estimate is only a "ball park" figure, but it does indicate the relative magnitude of the error that results from excluding natives on reserves from the annual poverty totals.

Disabled Persons

Statistics Canada's annual income survey includes the incomes of persons with disabilities, but it does not specifically identify them. Statistics Canada did, however, conduct a survey of disabled persons' incomes as part of the 1986 census, and Table 3.5 records the survey's results.

Table 3.5
Percentage Distribution of Disabled Persons and All Individuals with Income, by Income Class, 1985

	Disabled persons			
	Under 65 years	Over 65 years	Total	All individuals
Number (thousands)	1,768	1,027	2,795	17,121
Income class ($)	100.0%	100.0%	100.0%	100.0%
0- 4,999	37.6	8.0	26.7	19.0
5,000- 9,999	18.2	52.1	30.6	20.1
10,000-14,999	11.4	20.7	14.8	13.8
15,000-19,999	7.5	8.6	7.9	11.3
20,000-24,999	7.2	3.8	6.0	9.4
over 25,000	18.0	6.7	13.9	26.3

Source: Statistics Canada, *Census of Canada, 1986.*

The most important conclusion suggested by the data in the table is that disability results in a higher rate of poverty than does almost any other population characteristic: 57.3 per cent of disabled persons who possess some income have incomes below $10,000. This rate is even higher than the rate for the overall native population. The data also show that the incomes of the disabled elderly tend to bunch in the $5,000-$10,000 range, which represents the level of public retirement benefits currently available. Thus the low incomes that the disabled receive before they reach 65 translate into low pension incomes after they reach it.

Table 3.6
Number and Distribution of Disabilities by Type, 1985

Number (thousands)	5,550
Distribution by type	100.0%
mobility	32.5
agility	27.7
hearing	15.5
seeing	8.0
speaking	2.9
other and unspecified	13.4

Source: See Table 3.5.

The survey defined a disability as any limitation of normal activity — a fairly broad use of the term. Given this definition, the survey concluded that 2.8 million Canadians were disabled, representing 16.3 per cent of all persons over 15 who received some income in 1985. The survey questionnaire allowed respondents to list more than one disabling condition, and on average each respondent listed two. Table 3.6 shows the distribution of the total number of disabling conditions, not the number of disabled persons.

Income Distribution

Table 3.7 presents the most recent data on the distribution of total income in Canada. The table presents the distribution of income by quintiles, which are 20 per cent slices of the population ranked according to total before-tax income (including earnings, investment income, pension benefits, and government transfer payments). Consequently, each quintile represents the same number of households. As we shall see in Chapter 8, the 1987 distribution is fairly typical of past distributions. Now as in the past, the top 20 per cent of the Canadian household population receives about nine times the income of the bottom 20 per cent.

Table 3.7
Distribution of Total Income in Canada, 1987

	Share of total income (quintiles)					
	lowest	second	middle	fourth	highest	total
	%	%	%	%	%	%
Families	6.5	12.4	17.8	24.0	39.4	100.0
Unattached individuals	5.3	10.3	15.5	24.6	44.3	100.0
All households	4.7	10.4	16.9	24.8	43.2	100.0

Source: Statistics Canada. *Income Distributions by Size in Canada, 1987*, Catalogue No.13-207, p.141.

PERCENTAGE OF THE POPULATION POOR

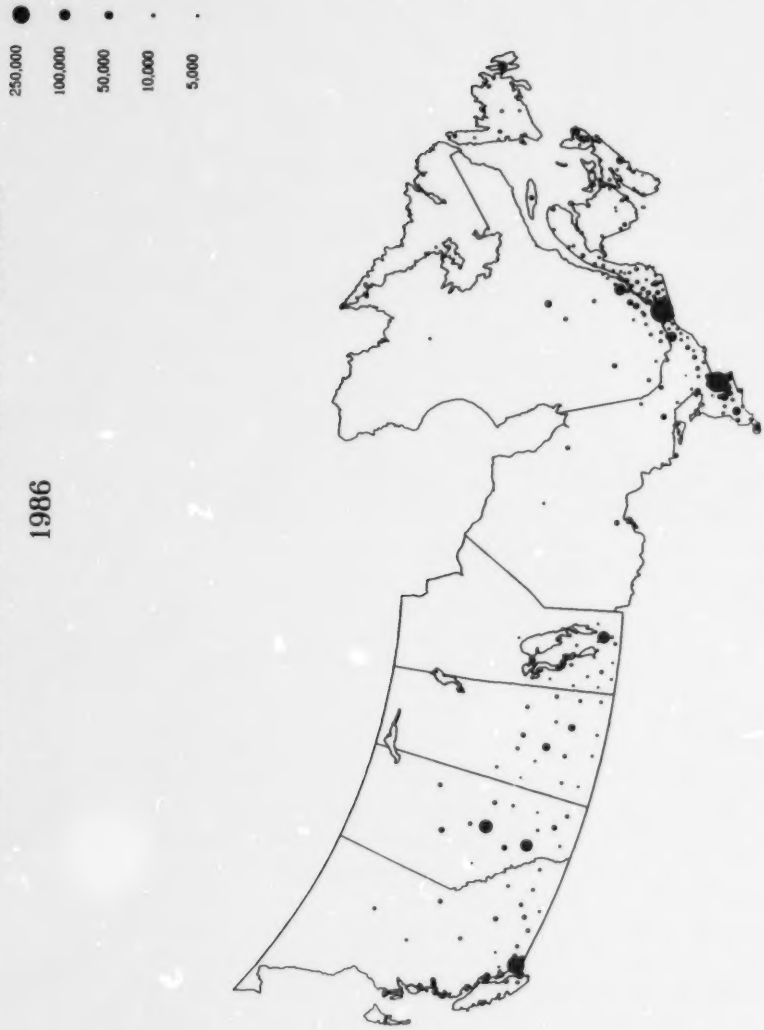
CANADA, 1986

Figure 3-3

Figure 3-4

DISTRIBUTION OF POOR PERSONS IN CANADA

1986



4

The Changing Face of Poverty — CCSD Definition

This chapter and the next attempt to portray the face of poverty in Canada at three points in time — 1973, 1979, and 1986. This chapter uses the CCSD definition of poverty, and the next uses the Statistics Canada definition.

The present chapter begins with a description of the changes in the national poverty rates and the total number of poor households over the period 1973-1986. We then analyze the distribution and incidence of poverty, in relation to selected population characteristics, in each of the three years. Finally, we consider the poverty gap — the total dollar amount by which Canada's poor fall short of escaping poverty — and how it changed between 1973 and 1986.

The Total Picture

As we said in Chapter 2, the basic CCSD income line is one-half of average family income in Canada, which is then adjusted for the number of household members. Because the CCSD bases its lines on average income rather than on some measure of basic need, the lines are not universally accepted as poverty lines. Nevertheless, the lines do have one distinct advantage: because they are based on average income, they provide a constant benchmark against which one can measure income inequality. Indeed, it was largely for this purpose that the CCSD developed them.

Table 4.1 shows how households have fared in the face of changes in average income over time. What are the trends? The total number of households with adjusted family incomes of less than one-half the Canadian average increased by 858,000 (52 per cent) between 1973 and 1986. Family households ac-

Table 4.1
Rates of Poverty and Number of Poor Households, 1973, 1979, and 1986 — CCSD Definition

Household type	1973 Number (thousands)	1973 Rate (%)	1979 Number (thousands)	1979 Rate (%)	1986 Number (thousands)	1986 Rate (%)
Families	908	17.4	1,300	21.6	1,471	21.2
Unattached individuals	756	39.7	1,034	41.3	1,051	36.7
Total households	1,664	23.3	2,334	27.4	2,522	25.9
65 years or over	582	48.3	833	56.6	729	41.7
under 65 years	1,082	18.2	1,501	21.3	1,793	22.3

Source: Tabulations performed by the authors using Statistics Canada's Survey of Consumer Finances micro-data tapes.

counted for about two-thirds of the increase, and after 1979 the growth in the number of poor households slowed considerably. Note, however, the difference between the rates that result when one takes the age of the head of the household into account. The rate for households headed by someone over 65 has decreased since 1973, whereas the rate for households headed by someone of working age has increased. Whether or not one accepts the CCSD income lines as an accurate definition of poverty, there is no denying there has been a considerable increase in the proportion of households that live on less than half of adjusted average Canadian family income and hence a shift toward greater inequality of incomes.

The Composition of Poverty

Tables 4.2, 4.3, and 4.4 provide a more detailed picture of the characteristics of households that live on less than one-half of adjusted average family income.

The distribution of all poor households presented in Table 4.2 reveals some interesting trends. At the provincial level, the big change was an increase in British Columbia's share of poor households and a reduction in the Atlantic provinces' share. There were also marked shifts in the distribution of poor households away from rural areas and towns and toward large cities, away from households headed by an elderly person and toward households headed by a person under the age of 35, and away from couples with children and toward lone-parent families. Finally, the period witnessed a very large drop in the share of poor households headed by someone with less than nine years of formal education. This shift reflects a rise in the overall level of educational achievement over the years.

The trends revealed by Table 4.3, which presents the rates of poverty for 1973, 1979, and 1986, parallel those found in the distribution data. Some of the shifts are more pronounced, however, when they are viewed from the incidence perspective. The rate of poverty among families in British Columbia almost

Table 4.2
Percentage Distribution of Low-Income Households ,1973, 1979, and 1986 — CCSD Definition

	1973 (1969 base)		1979 (1978 base)		1986 (1978 base)	
	Families	Unattached individuals	Families	Unattached individuals	Families	Unattached individuals
Total h'holds (000's)	908	756	1,300	1,034	1,471	1,051
Characteristic						
Canada	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Newfoundland	4.3	2.0	4.0	1.5	4.1	1.4
Prince Edward Island	1.0	0.5	0.8	0.6	0.7	0.6
Nova Scotia	5.0	3.1	4.9	4.2	4.6	3.3
New Brunswick	4.7	2.3	4.2	2.8	3.8	2.5
Quebec	30.5	26.5	29.0	26.7	30.9	31.9
Ontario	27.9	34.4	30.9	34.0	26.2	30.1
Manitoba	5.4	6.6	5.1	5.5	4.8	4.0
Saskatchewan	6.1	4.7	4.8	5.3	5.2	4.7
Alberta	8.3	7.9	7.7	6.8	8.2	8.3
British Columbia	7.2	12.0	8.6	12.7	11.4	12.9
Size of community						
100,000 or more	32.4	53.1	41.4	53.1	43.8	58.5
30,000-99,999	8.1	9.7	11.4	14.1	11.1	11.5
less than 30,000	21.7	21.6	19.2	21.4	16.9	16.7
rural	37.8	15.6	27.8	11.5	28.2	13.2
Age of head						
under 25 years	6.4	22.1	7.4	19.4	8.2	20.9
25-34	18.9	6.7	22.5	8.5	24.2	14.6
35-44	20.8	3.6	18.5	4.7	20.0	6.9
45-54	14.4	7.4	12.5	7.2	11.8	6.4
55-64	13.4	14.6	12.9	13.6	13.4	13.3
65 and over	26.0	45.7	26.2	46.5	22.5	37.9
Family type						
couple/children	39.2	0.0	36.2	0.0	32.6	0.0
lone-parent/male	0.6	0.0	0.8	0.0	1.4	0.0
lone-parent/female	16.0	0.0	16.5	0.0	18.6	0.0
couple/no children	10.4	0.0	11.4	0.0	14.2	0.0
elderly	20.1	45.7	20.3	46.6	17.6	37.9
individual/non-elderly	0.0	54.2	0.0	53.4	0.0	62.1
other family	13.7	0.0	15.1	0.0	15.7	0.0
Education						
0-8 years	56.6	48.9	44.5	41.5	34.6	34.4
some high school	35.7	32.8	42.2	37.3	48.5	40.4
some post-secondary	3.0	9.8	4.2	8.6	6.5	8.8
certificate/diploma	3.1	5.8	5.2	7.4	6.3	10.6
university degree	1.7	2.6	3.8	5.2	4.1	5.7
Number of earners						
none	52.8	79.2	52.5	79.0	55.9	76.0
one	38.1	20.8	36.2	21.0	32.2	24.0
two or more	9.0	0.0	11.2	0.0	11.9	0.0

Source: See Table 4.1.

Table 4.3
Incidence of Low Income by Selected Characteristics, 1973, 1979, and 1986 — CCSD Definition

	1973		1979		1986	
	Families	Unattached individuals	Families	Unattached individuals	Families	Unattached individuals
Characteristic						
Canada	17.4%	39.7%	21.6%	41.3%	21.2%	36.7%
Newfoundland	35.6	65.8	40.3	57.1	41.1	60.0
Prince Edward Island	39.1	53.5	34.5	54.5	29.4	54.5
Nova Scotia	25.4	42.7	32.2	52.4	28.2	42.2
New Brunswick	28.2	42.3	32.2	48.3	29.3	44.1
Quebec	19.5	39.0	23.5	46.9	24.4	45.3
Ontario	13.0	37.3	18.3	38.9	15.6	30.6
Manitoba	20.8	53.5	26.0	47.1	24.4	32.9
Saskatchewan	25.7	46.6	26.3	46.6	29.5	41.2
Alberta	20.0	40.0	19.3	29.7	19.4	33.2
British Columbia	11.4	36.5	16.8	36.5	21.1	33.9
Size of community						
100,000 or more	11.3	34.2	17.1	36.7	17.0	32.7
30,000-99,999	14.1	41.0	21.8	44.8	19.8	37.8
less than 30,000	20.3	47.9	23.8	50.5	24.9	45.1
rural	30.1	55.4	32.0	48.8	31.6	50.5
Age of head						
under 25 years	18.1	38.7	27.5	37.2	40.8	47.7
25-34	14.0	15.0	18.7	17.0	22.2	21.8
35-44	16.0	18.9	18.2	22.7	16.6	21.6
45-54	12.4	31.1	14.2	33.5	14.0	27.7
55-64	15.8	42.1	19.3	44.8	18.8	41.1
65 and over	36.1	62.7	45.1	69.1	34.3	50.8
Family type						
couple/children	13.5	0.0	16.6	0.0	16.7	0.0
lone-parent/male	16.2	0.0	18.5	0.0	28.6	0.0
lone-parent/female	60.9	0.0	65.7	0.0	65.7	0.0
couple/no children	9.7	0.0	12.2	0.0	14.2	0.0
elderly	43.1	62.7	52.6	69.0	37.6	50.8
indiv/non-elderly	0.0	30.3	0.0	30.6	0.0	31.3
other family	13.8	0.0	17.7	0.0	16.3	0.0
Education						
0-8 years	29.5	63.5	34.5	66.5	35.9	61.5
some high school	13.8	32.3	20.0	36.6	22.3	36.2
some post-secondary	8.4	41.8	14.2	37.1	17.4	32.2
certificate/diploma	6.9	20.4	12.4	27.2	11.7	26.1
university degree	3.9	12.4	7.6	19.1	6.3	15.4
Number of earners						
none	53.0	70.5	60.3	75.5	52.4	61.1
one	12.2	14.9	17.4	15.3	18.1	16.2
two or more	5.5	0.0	6.7	0.0	6.4	0.0

Source: See Table 4.1.

Table 4.4
Dependent Poor Children: Rate, Number, and Distribution, 1973, 1979, and 1986 — CCSD Definition

	1973	1979	1986
Child poverty rate (%)	21.0	24.2	24.9
Total poor children (thousands)	1,509	1,628	1,632

	Distribution					
	1973		1979		1986	
Family type	Number (thousands)	Rate (%)	Number (thousands)	Rate (%)	Number (thousands)	Rate (%)
couple/children	1,037	68.7	1,106	67.9	1,044	64.0
lone-parent/male	12	0.8	17	1.0	31	1.9
lone-parent/female	357	23.7	378	23.2	463	28.4
other	103	6.8	128	7.9	94	5.8
		100.0		100.0		100.0

Source: See Table 4.1.

doubled between 1973 and 1986, whereas in Prince Edward Island the family rate took a large drop; the rate for unattached individuals, however, did not change substantially in either province. The figures for age show the biggest changes. For families headed by a person under 25 years, the poverty rate increased 2.3 times. On the other hand, the rate for elderly unattached individuals fell considerably after 1979.

Although the rate of poverty among lone-parent mothers did not increase greatly after 1973, it must be noted that the 1986 rate was 65.7 per cent. In other words, lone-parent mothers had a two-thirds chance of having an adjusted income of less than one-half the Canadian average.

Table 4.4 shows that in 1986 the number of dependent poor children under the age of 18 was well over 1.5 million. Although both the rate and the total number of children in poverty increased between 1973 and 1986, almost all of the growth occurred between 1973 and 1979. Nearly two-thirds of all poor children lived with two parents in 1986, but the number that lived with one parent increased substantially after 1979.

Poverty Gap

The poverty gap is the total amount of money required to bring all poor households up to the CCSD poverty line. It is the product of not only the number of poor households but also the distance that each household's income lies

below the line. Table 4.5 shows that the poverty gap almost doubled (in 1986 constant dollars) between 1973 and 1979 but narrowed slightly between 1979 and 1986. This narrowing was the result of a reduction in the depth of poverty, since the number of poor households actually increased. In fact, the average household gap shrank by $548 between 1979 and 1986, after increasing by $1,265 between 1973 and 1979.

The percentage distribution figures in the table show that the poverty gap has been fairly stable in three regions. However, Ontario's contribution to the gap has decreased by 20 per cent since 1979, and British Columbia's contribution has increased by almost 50 per cent since 1973.

Table 4.5
The Poverty Gap: Total, Average, and Contribution by Region, 1973, 1979, and 1986, — CCSD Definition (1986 Dollars)

	1973	1979	1986
Total (millions)	$7,600	$13,600	$13,300
Average (per household)	$4,556	$ 5,821	$ 5,273
Regional contribution			
Atlantic	13.1%	12.7%	12.2%
Quebec	28.7	27.1	30.7
Ontario	30.4	31.8	25.9
Prairies	19.7	18.5	19.1
British Columbia	8.1	10.0	12.0
	100.0%	100.0%	100.0%

Source: See Table 4.1.

5

The Changing Face of Poverty — Statistics Canada Definition

This chapter bases its estimates of poverty in 1973, 1979, and 1986 on the low-income cut-offs used by Statistics Canada.[13] As in Chapter 4, we begin with an overview of the total number of the poor and poverty rates in Canada, proceed to a detailed analysis of the composition of poverty, and end with a discussion of changes over time in the poverty gap. In this chapter, however, our analysis of the composition of poverty includes an extra section that focuses narrowly on selected groups in which the incidence of poverty has grown rapidly or is especially severe.

The Total Picture

Table 5.1 shows the total numbers of poor and the rates of poverty in Canada in 1973, 1979, and 1986 (the CCSD estimates are repeated here for purposes of comparison). Although the rate of family poverty diminished slightly between 1973 and 1986, the number of poor families increased. According to the Statistics Canada measure, there are 150,000 more poor families in 1986 than there were in 1973.

The rate among unattached individuals barely changed between 1973 and 1979 but dropped considerably between 1979 and 1986. Nonetheless, there were 216,000 more poor unattached individuals in 1986 than there were in 1973.

Families plus unattached individuals equal total households. Over the period 1973-1986, the overall household rate dropped by almost 2 percentage points. Nonetheless, the number of poor households increased by 366,000. It is worth

Table 5.1
Poverty Rates and Total Numbers in Poverty, 1973, 1979, and 1986 — Statistics Canada and CCSD Definitions

	1973		1979		1986	
	Number (thousands)	Rate (%)	Number (thousands)	Rate (%)	Number (thousands)	Rate (%)
Families						
Statistics Canada	701	13.4	789	13.1	851	12.3
CCSD	908	17.4	1,300	21.7	1,471	21.2
Unattached individuals						
Statistics Canada	766	40.2	1,003	40.3	982	34.3
CCSD	756	39.7	1,034	41.3	1,051	36.7
Total households						
Statistics Canada	1,467	20.6	1,792	21.1	1,833	18.7
over 65 years	500	41.5	622	42.8	426	24.4
under 65 years	968	16.4	1,170	16.6	1,407	17.5
CCSD	1,664	23.3	2,334	27.4	2,522	25.9
over 65 years	582	48.3	833	56.6	729	41.7
under 65 years	1,082	18.2	1,501	21.3	1,793	22.3
Total persons						
Statistics Canada	3,269	16.2	3,728	15.7	3,689	14.9

Source: Statistics Canada, *Income Distributions by Size in Canada, 1973* and *1986*, Catalogue No.13-207 and special tabulations by the authors based on Statistics Canada's Survey of Consumer Finances micro-data tapes.

noting the divergent experiences of elderly and working-age households. The poverty rate among households with an elderly head dropped dramatically between 1973 and 1986, and even the number of such households diminished. For families headed by someone of working age, however, both the rates and the numbers increased.

The Composition of Poverty

This section presents a more detailed picture of the changing face of poverty in Canada.

Distribution

The distribution data in Table 5.2 reveal several broad trends worth noting. For families, the trends were fairly consistent over the entire 1973-1986 period. The regional distribution figures show that declining shares in Atlantic Canada, Ontario, and the Prairies were offset by increasing shares in Quebec and,

especially, British Columbia. There was a pronounced shift in the distribution of poverty away from rural areas and small towns and toward the largest cities.

Younger poor families are on the increase. Poor families headed by a person under 35 constituted 28 per cent of all poor families in 1973 and 40 per cent in 1986. On the other hand, poor families headed by elderly persons more than halved their share over the period.

The distribution of families by the sex of the head shows that the proportion of poor families headed by a female increased over the period from about one-quarter of the total to one-third. Since Statistics Canada usually classifies any family in which an adult male is present as being headed by a male, it follows that this increase was almost entirely a result of an increase in the proportion of lone-parent families. Lone-parent families, especially those headed by a female, are far more likely than other families to be poor. Among non-poor families, two-parent families outnumbered lone-parent families by about eight to one in 1986; however, the number of poor lone-parent families closely rivalled the number of poor two-parent families.

The 1973-1986 period shows a steady and significant shift in the educational composition of poor families. The proportion of family heads with 0-8 years of education fell by half, and the difference was made up mainly by an increase in the number of persons with some high school education. But the proportion of more highly educated poor persons also increased: in 1986, one poor family in twenty was headed by a person with a university degree.

The percentage of heads of poor families who worked year round (49 weeks or more) decreased over the period by 5 percentage points. If one considers only those heads who were under 65, the decrease was 10 percentage points. In addition, a decline in the percentage of poor families with one earner was offset by an increase in the percentage of poor families with two or more earners. In 1986, more than one-fifth of poor families had two or more earners.

For poor unattached individuals, the pattern of change was somewhat different from the pattern for families. For both groups, 1979 was a turning point. Between 1973 and 1979, the number of poor unattached individuals rose, as did the number of poor families; between 1979 and 1986, however, the number of poor unattached individuals fell, whereas the number of poor families continued to rise.

The pattern of change in regional distribution, however, was the same for unattached individuals as it was for families. Shares fell in Ontario and the prairie provinces and rose in Quebec and British Columbia. In Atlantic Canada, the share was stable. Poor unattached individuals were more likely than families to live in big cities, and there was a shift among poor unattached individuals away from rural areas and small towns. Almost two-thirds of poor unattached individuals lived in big cities in 1986.

Table 5.2

Percentage Distribution of Low-Income Households, 1973, 1979, and 1986 — Statistics Canada Definition

	1973 (1969 base)		1979 (1978 base)		1986 (1978 base)	
	Families	Unattached Individuals	Families	Unattached Individuals	Families	Unattached Individuals
Total h'holds (000's)	701	766	789	1,003	851	982
Characteristic						
Canada	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Newfoundland	3.7	1.8	3.4	1.5	3.6	1.3
Prince Edward Island	0.8	0.4	0.7	0.5	0.4	0.5
Nova Scotia	4.1	3.0	3.8	4.1	3.9	3.0
New Brunswick	3.9	2.2	3.7	2.5	3.2	2.3
Quebec	30.8	27.3	29.1	26.9	33.5	33.5
Ontario	29.8	34.4	32.1	34.4	25.4	29.8
Manitoba	5.6	6.5	5.1	5.3	4.8	3.9
Saskatchewan	5.7	4.6	4.4	5.1	5.0	4.1
Alberta	8.3	7.8	8.1	6.8	7.8	8.3
British Columbia	7.3	12.0	9.6	12.9	12.4	13.4
Size of community						
100,000 or more	45.9	60.9	51.0	61.3	56.7	69.1
30,000-99,999	6.5	6.7	10.1	11.1	10.3	9.7
less than 30,000	19.4	19.1	15.4	18.0	14.3	12.7
rural	28.2	13.2	23.4	9.5	18.8	8.4
Weeks employed						
full year	31.3	13.9	27.6	10.9	26.7	14.7
some (1-48 weeks)	24.5	21.9	26.0	23.7	28.5	28.9
none	44.2	64.2	46.4	65.3	44.8	56.4
Age of head						
under 25 years	7.3	22.8	8.9	19.5	10.3	22.3
25-34	20.6	7.3	25.0	8.6	29.9	16.0
35-44	21.4	3.5	19.0	4.7	22.8	7.6
45-54	14.6	7.4	13.6	7.2	12.8	6.5
55-64	13.6	14.5	13.5	13.6	13.5	13.5
65 and over	22.6	44.6	20.0	46.3	10.8	34.2
Sex						
male	73.9	36.1	65.1	32.9	64.9	38.4
female	26.1	63.9	34.9	67.1	35.1	61.6
Household type						
couple/children	38.7	0.0	35.9	0.0	35.1	0.0
lone-parent/male	0.6	0.0	0.8	0.0	1.9	0.0
lone-parent/female	19.5	0.0	23.4	0.0	27.4	0.0
couple/no children	10.2	0.0	10.4	0.0	13.8	0.0
elderly	16.9	44.6	14.0	46.3	6.7	34.1
individual/non-elderly	0.0	55.4	0.0	53.7	0.0	65.9
other family	14.0	0.0	15.4	0.0	15.2	0.0
Education						
0-8 years	54.0	47.8	42.3	41.3	27.7	32.0
some high school	37.6	33.7	43.5	37.5	53.6	41.1
some post-secondary	3.2	10.1	4.3	8.6	7.1	9.7
certificate/diploma	3.4	5.7	5.3	7.3	6.7	11.0
university degree	1.9	2.6	4.4	5.3	4.8	6.2
Number of earners						
none	37.8	67.9	34.7	63.5	37.5	58.2
one	45.4	32.1	43.9	36.5	39.6	41.8
two or more	16.9	0.0	21.4	0.0	22.9	0.0

Source: Tabulations by the authors based on Statistics Canada's Survey of Consumer Finances micro-data tapes. We have used the 1978 base to re-estimate Statistics Canada's 1969-based estimates of the 1979 poverty rates. Unlike Statistics Canada, we restrict the designation "lone-parent family" to families that include dependent children under 18.

The age shift among poor unattached individuals was similar to the shift among poor families. Thus there was a noticeable downward shift in the age of the typical poor unattached person. Unattached women far outnumbered poor unattached males — a state of affairs attributable entirely to elderly women. In 1986, for example, the population of unattached individuals under the age of 65 was divided almost evenly between men and women.

The trend to higher levels of education was even more pronounced among poor unattached individuals than it was among poor families. In 1986, almost 16 per cent of all poor unattached individuals had a university degree.

Incidence

As Table 5.3 shows, family poverty in the Atlantic provinces decreased steadily between 1973 and 1986. Nonetheless, except in Prince Edward Island, the family rate was still above the national average in 1986, although the spread had narrowed. In Quebec the rate was stable over the period, and in British Columbia it increased substantially. In all other provinces, the rate decreased. By far the largest decrease was in Prince Edward Island, which more than halved its poverty rate.

By age, the highest incidence among families was registered by the under-25 age group. Its rate almost doubled between 1973 and 1986. On the other hand, the rate of poverty among elderly families in 1986 was less than a third of what it had been in 1973. Throughout the period, the poverty rate for families headed by women was four times the rate for families headed by men.

Indeed, no group registered a higher incidence of family poverty than lone-parent families headed by women. Although the rate for this group is as persistent as it is high — 58 per cent in 1973, about 56 per cent in 1979 and 1986 — it has not drawn much attention from policy makers. However, women are not the only heads of lone-parent families. Among lone-parent families headed by men, a small but growing category, the poverty rate doubled between 1973 and 1986.

The higher one's level of formal education, the less likely it is that one will be poor. Nevertheless, the force of this relationship diminished somewhat between 1973 and 1986. Among family heads with the least formal education, the incidence of poverty fell. For all others, however, it increased. In 1973, a family headed by someone with less than nine years of education was seven times more likely to be poor than was a family headed by a university graduate. In 1986, however, it was only four times more likely to be poor.

As we would expect, the rate of family poverty declines with the number of weeks worked during the year and the number of household earners. Like the advantage associated with higher levels of education, however, the advantage associated with more weeks of work or more earners has diminished since 1973. Families with no earners are less likely to be poor in 1986 than they were in

Table 5.3
Incidence of Low Income by Selected Characteristics, 1973, 1979, and 1986 — Statistics Canada Definition

	1973 (1969 base)		1979 (1978 base)		1986 (1978 base)	
Characteristic	Families	Unattached individuals	Families	Unattached individuals	Families	Unattached individuals
Canada	13.4%	40.2%	13.1%	40.3%	12.3%	34.3%
Newfoundland	23.7	61.5	21.6	54.2	21.2	49.1
Prince Edward Island	22.9	43.4	17.4	50.5	9.8	41.8
Nova Scotia	16.0	41.1	14.9	56.8	14.5	35.9
New Brunswick	18.3	40.9	16.7	42.2	14.3	37.4
Quebec	15.4	40.8	14.6	46.8	15.3	44.6
Ontario	10.7	37.7	11.4	37.8	8.7	28.3
Manitoba	16.5	53.6	16.2	45.5	14.5	30.2
Saskatchewan	18.6	45.9	14.1	43.6	16.4	33.2
Alberta	15.4	40.2	12.3	29.0	10.7	31.0
British Columbia	8.9	37.1	11.3	36.1	13.3	33.0
Size of community						
100,000 or more	11.6	37.6	11.5	37.9	12.4	35.1
30,000-99,999	12.2	41.8	15.3	46.0	12.1	34.5
less than 30,000	12.4	45.8	12.1	39.8	12.8	32.9
rural	17.3	47.4	14.1	36.2	12.2	30.4
Weeks employed						
full year	6.0	13.2	5.3	9.7	5.2	11.6
some (1-48 weeks)	28.1	46.3	22.6	46.2	25.4	52.6
none	40.1	72.1	36.8	75.7	26.8	53.3
Age of head						
under 25 years	16.0	40.6	20.5	37.2	30.2	47.7
25-34	11.7	16.5	12.4	17.4	16.0	22.4
35-44	12.6	18.7	10.9	21.8	11.0	22.2
45-54	9.6	31.4	9.4	32.5	8.8	26.3
55-64	12.3	42.4	12.3	43.5	11.0	39.1
65 and over	24.2	61.9	21.9	66.3	9.5	42.7
Sex						
male	10.8	31.9	9.1	30.4	9.0	29.2
female	41.6	47.2	44.3	48.2	38.7	38.5
Household type						
couple/children	10.3	0.0	10.0	0.0	10.4	0.0
lone-parent/male	11.2	0.0	11.9	0.0	22.8	0.0
lone-parent/female	58.1	0.0	56.4	0.0	56.1	0.0
couple/no children	7.3	0.0	7.0	0.0	8.0	0.0
elderly	28.1	61.9	22.1	66.3	8.4	42.7
individual/non-elderly	0.0	31.4	0.0	29.8	0.0	31.1
other family	10.9	0.0	11.0	0.0	9.1	0.0
Education						
0-8 years	22.3	63.7	19.9	64.2	16.7	53.5
some high school	10.2	30.9	12.5	35.5	14.4	34.4
some post-secondary	7.0	43.8	8.5	36.1	11.2	33.3
certificate/diploma	5.9	20.3	7.6	25.8	7.2	25.4
university degree	3.3	12.5	5.4	18.8	4.2	15.8
Number of earners						
none	53.9	74.8	39.3	71.1	33.8	54.3
one	16.0	20.4	17.7	22.4	19.2	22.7
two or more	4.4	0.0	4.7	0.0	5.1	0.0

Source: See Table 5.2.

1973. However, most of this improvement is the result of better retirement provisions for the elderly. The incidence of poverty among no-earner families headed by a person under 65 fell only slightly over the period, and in 1986 the lack of a family earner meant a 52 per cent chance of being poor.

Although the national rates of poverty among families did not vary by much between 1973 and 1986, the rate among unattached individuals declined substantially. However, almost all of this decline was the result of a reduction in the incidence of poverty among the elderly. This reduction, in turn, was the result of continuous improvements in the package of public benefits available to the elderly. The incidence of poverty among the elderly fell from 62 per cent to 42 per cent, whereas the incidence among unattached individuals under 65 was more or less constant.

The status of unattached individuals improved in every province except Quebec. No province showed a greater improvement than Manitoba. In 1986, all provincial rates east of Ontario were above the national average and all rates west of Quebec were below it. In 1973, the results were more mixed.

A More Detailed Examination

The discussion to this point has shown that some population characteristics are more closely associated with poverty than others. This section uses data from the previous tables, and additional survey data as well, to examine the more significant characteristics in greater detail. We look first at families, then at unattached individuals.

Family Poverty

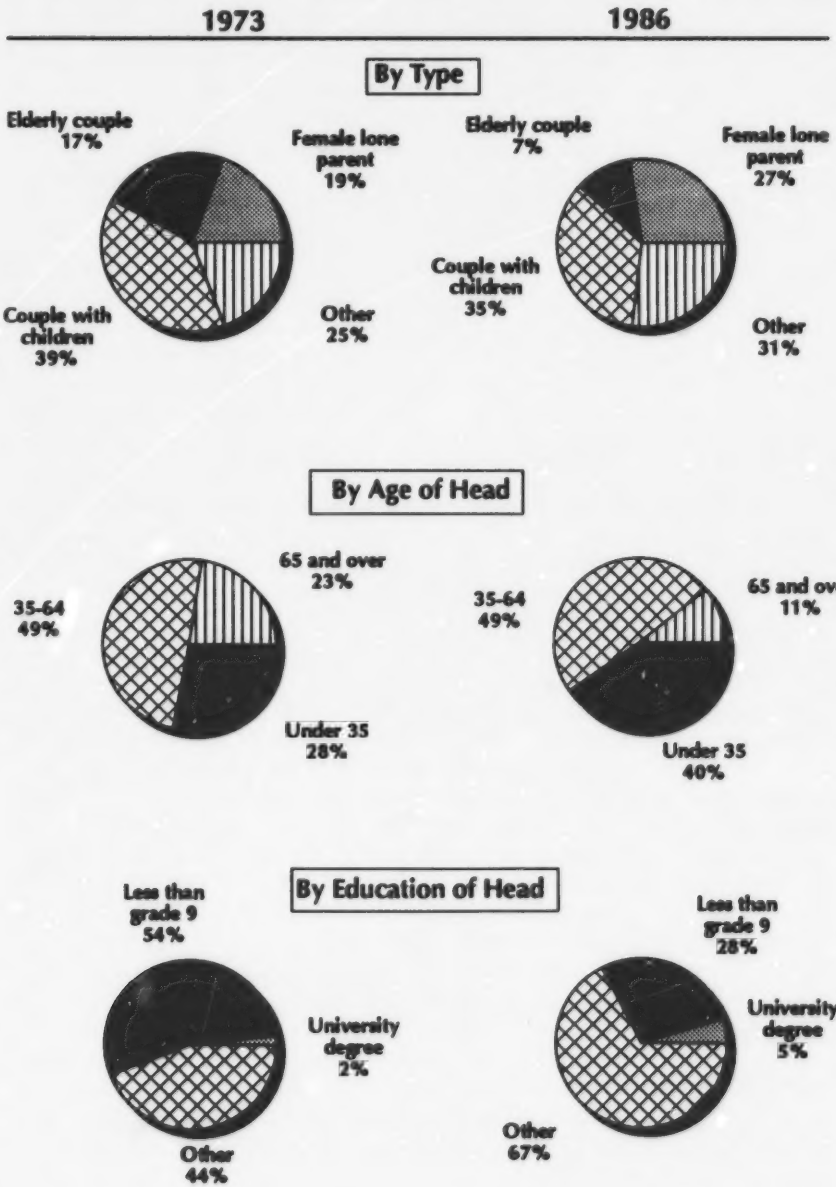
The relative stability of the rate of family poverty over time masks some important changes in its composition. Table 5.4 uses the Statistics Canada definition of poverty to show some of the greatest changes in the distribution of the poor during the period 1973 to 1986: Quebec's and British Columbia's shares of poor families increased and Ontario's share decreased; poverty shifted away from the elderly and toward younger families; poverty became increasingly concentrated among lone-parent families headed by women; a larger proportion of two-earner families became poor; and the proportion of heads of families with only a primary education fell from one-half to one-quarter.

In summary, as Figure 5-1 shows, families in poverty were younger, more likely to be headed by one parent, and better educated in 1986 than they were in 1973.

Lone-Parent Families

The fact that a large and growing proportion of the low-income population consists of lone-parent families headed by women justifies a closer examination

Figure 5-1
Composition of Family Poverty, 1973 and 1986



Note: Percentages have been rounded in these and subsequent pie charts.

Source: See Table 5.2.

Table 5.4
Changes in the Composition of Family Poverty, 1973 and 1986 — Statistics Canada Definition

Characteristic	Percentage of the poor population 1973	1986
Province		
Quebec	30.8	33.5
Ontario	29.8	25.4
British Columbia	7.3	12.4
Age of head		
under 35	27.9	40.2
65 and over	22.6	10.8
Family type		
lone-parent female	19.5	27.4
elderly couple	16.9	6.7
couple/children	38.7	35.1
Education		
less than 9 years	54.0	27.7
university degree	1.9	4.8
Number of earners		
one	45.4	39.6
two or more	16.9	22.9

Note: The percentages are for selected characteristics and do not add to 100 per cent.

Source: See Table 5.2.

of this group. Table 5.5 compares poor lone-parent mothers with lone-parent mothers who are not poor.

The comparison could hardly be more striking. Poverty among lone-parent mothers is not determined randomly; some important personal characteristics are at work. Lone-parent mothers with low incomes are much younger than other lone-parent mothers, have considerably less formal education, are much less likely to be employed, and have more children (the younger mothers also tend to have younger children, who require more care). A further matter that we looked into is whether low-income, lone-parent mothers are concentrated in large cities, or are more likely to be found in cities than other lone-parent mothers. We found that in fact the difference between the two groups is not large: in 1986, 61.1 per cent of non-poor and 58.5 per cent of poor lone-parent mothers lived in cities of more than 100,000 people (57 per cent of all Canadian families live in large cities).

There are also differences between working-poor lone-parent mothers and other poor lone-parent mothers, who for the most part are on social assistance. Working-poor lone-parent mothers tend to have characteristics more in line with those of non-poor lone-parent mothers. On average, they are older and better educated than mothers on social assistance and have fewer children.

It should be noted that for the purposes of this book we have restricted the designation "working poor" to the poor population between the ages of 15 and 65 and to poor households in which the head, the spouse, or the two together had at least 49 weeks of full or part-time employment during the year. We explain the reasoning behind our choice of definition in Chapter 6.

Table 5.5
A Comparison of Poor and Non-Poor Lone-Parent Mothers, 1986 — Statistics Canada Definition

	Non-poor	Working poor	Other poor
Total	182,970	33,960	199,560
Average number of children	1.46	1.62	1.74
Characteristic	**100%**	**100%**	**100%**
Age			
15-24	4.9	7.5	21.1
25-34	33.0	50.3	42.8
35-44	43.3	29.9	25.1
45-54	16.7	12.3	8.7
55-64	2.1	0.0	2.4
65 and over	0.0	0.0	0.0
Education			
0-8 years	6.5	8.9	19.3
some high school	47.6	73.7	64.5
some post-secondary	13.9	9.4	9.3
certificate/diploma	14.9	6.4	4.2
university degree	17.2	1.5	2.7
Weeks employed			
none	8.2	0.0	63.5
some	19.6	0.0	36.5
full year	72.2	100.0	0.0

Source: See Table 5.2.

Young Couples with Children

Young couples with children constitute another growing segment of the poor population. The rate of poverty for two-parent families headed by a person under the age of 25 rose from 16 per cent in 1973 to 30 per cent in 1986 — a period in which the rate for all families fell.

As Table 5.6 shows, the main differentiating feature in this case is education. The proportion of heads of non-poor families who have some post-secondary education or better is more than twice as great as the proportion of heads of other-poor families. The non-poor segment also has fewer children on average. There is a significant difference in the number of weeks employed by the head, but not between the working poor and the non-poor. Over 80 per cent of the heads of both non-poor and working-poor families worked year round.

Table 5.6
A Comparison of Poor and Non-Poor Young Two-Parent Families, 1986 — Statistics Canada Definition

	Non-poor	Working poor	Other poor
Total	2,565,520	156,140	142,840
Average number of children	1.85	2.20	2.08
Characteristic	**100%**	**100%**	**100%**
Education			
0-8 years	11.3	17.7	27.0
some high school	46.7	57.3	56.7
some post-secondary	8.4	9.6	5.0
certificate/diploma	14.6	7.0	6.6
university degree	19.0	8.4	4.7
Weeks employed (head of family only)			
none	1.5	5.1	40.6
some (1-48 weeks)	13.3	12.8	59.4
full year	85.1	82.1	0.0

Source: See Table 5.2.

Children in Poverty

The number of dependent children under the age of 18 living in low-income families fell between 1973 and 1979 but rose again between 1979 and 1986, although it did not quite return to its 1973 level. The rate of poverty among children, however, increased between 1973 and 1986. As Table 5.7 shows, most poor children live in two-parent families, but the proportion is falling. The proportion of children living in working-poor families has dropped. Moreover (this is not shown in the table), the growing concentration of children in "other poor" families is closely associated with lone-parent families headed by women; in 1986, 86 per cent of the children in "other poor" families were in families of this type.

One unfortunate result of living in a low-income family is a tendency to drop out of school. The figures in Table 5.8 suggest that the drop-out rate is strongly associated with income and employment status; the most conspicuous difference is between the non-poor and the other poor. Although it is encouraging to see that the rates for all groups have dropped between 1973 and 1986, note that the ratio between the drop-out rate for the other poor and the rate for the non-poor increased from 1.6 to 2.2.

Table 5.7
Dependent Poor Children: Rate, Number, and Distribution, 1973, 1979, and 1986 — Statistics Canada Definition

	1973	1979	1986
Rate (%)	16.5	16.0	17.1
Children (thousands)	1,184	1,077	1,121

Characteristic	Number (thousands)	%	Number (thousands)	%	Number (thousands)	%
Family type						
couple/children	756	63.9	652	60.5	641	57.2
lone-parent/male	8	0.7	11	1.0	24	2.1
lone-parent/female	343	29.0	332	30.8	402	35.9
other	75	6.3	82	7.6	53	4.8
		100.0		100.0		100.0
Family employment						
working poor	519	43.8	460	42.7	419	37.4
other poor	665	56.2	617	57.3	702	62.6
		100.0		100.0		100.0

Source: See Table 5.2.

Table 5.8
The School Drop-Out Rate Among Children 16 and 17 Years of Age by Family Income Class, 1973, 1979, and 1986 — Statistics Canada Definition

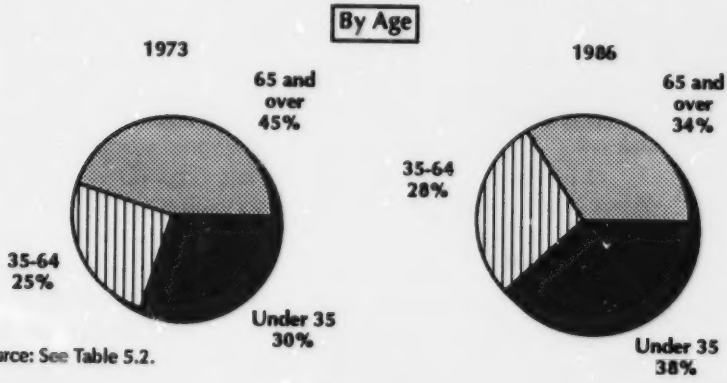
Family income status	1973	1979	1986
non-poor	18.1%	16.6%	7.5%
working poor	16.8	23.2	14.9
other poor	28.6	28.0	16.6

Source: See Table 5.2.

Poverty Among Unattached Individuals

For unattached individuals, the most striking change in the face of poverty between 1973 and 1986 was the shift in the age composition. In 1973, 45 per cent of unattached individuals were 65 or older and only 30 per cent were under 35. In 1986, however, only 34 per cent of poor unattached individuals were elderly and 38 per cent — the largest group — were under 35. Although some of this shift is attributable to the outsized "baby boom" generation, changes in the incidence of poverty also played a strong role. For elderly individuals, the rate of poverty fell from 62 per cent to 43 per cent over the period; for the under-35 group, it rose from 30 per cent to 32 per cent.

Figure 5-2
Composition of Poverty for Unattached Individuals, 1973 and 1986



Source: See Table 5.2.

Non-Elderly Individuals

Since the non-elderly unattached now comprise almost two-thirds of all poor unattached individuals, we have compared the non-elderly poor and the non-elderly non-poor to see if there are significant personal differences between them. The results of this comparison, which appear in Table 5.9, indicate that there are significant differences between the two groups in the areas of age, education, and weeks of employment. The main difference between the working poor and the other poor, aside from weeks of employment, is in the level of education.

The young make up about one-third of both poor groups, but 55 to 64 year-olds make up a significant percentage of the other poor, in large part no doubt because of health problems. Non-poor individuals tend to be middle-aged, and 39 per cent have diplomas or degrees. What is somewhat surprising is that more than 20 per cent of poor unattached individuals have diplomas or

Table 5.9
A Comparison of Poor and Non-Poor Unattached Individuals Under 65 Years of Age, 1986 — Statistics Canada Definition

Characteristic	Non-poor	Working poor	Other poor
Total	1,432,770	140,110	507,550
	100%	100%	100%
Age			
15-24	16.9	37.0	33.0
25-34	38.0	27.8	23.2
35-44	18.2	13.4	10.9
45-54	12.4	10.8	9.5
55-64	14.5	10.9	23.3
Education			
0-8 years	7.3	10.8	21.1
some high school	41.7	53.3	43.4
some post-secondary	11.6	10.9	13.4
certificate/diploma	18.8	16.2	14.1
university degree	20.6	8.8	8.1
Weeks employed			
none	5.5	0.0	55.2
some (1-48 weeks)	19.2	0.0	44.8
full year	75.4	100.0	0.0

Source: See Table 5.2.

degrees as well. Presumably some of these better-educated individuals are being kept out of steady employment by disability, ill-health, or other problems.

Although not shown in the table, the number of poor unattached individuals under the age of 65 was evenly distributed by sex. However, the poverty rate for women in this category was higher in 1986 than the rate for men (33.9 per cent and 28.8 per cent respectively).

A Comparison of Poverty Gaps

The poverty gap is the amount of money needed to eliminate poverty. This section will examine the contribution to the poverty gap made by different regions, age groups, and family types, and the role that employment status plays. Later chapters explore the relative effects on the gap of earnings and government income security programs.

The poverty gap is a useful summary measure that combines the rate of poverty with the depth of poverty. The rate of poverty has been relatively constant in recent years, but are the poor falling further below the poverty line, or getting closer to it?

Table 5.10
Total and Average Poverty Gaps, 1986 Dollars

Household type	1973	1979	1986
All			
total gap (millions)	$6,500	$8,500	$8,200
average gap	$4,442	$4,721	$4,469
Head over 65 years			
total gap (millions)	$1,400	$1,900	$ 900
average gap	$2,770	$2,894	$2,037
Head under 65 years			
total gap (millions)	$5,100	$6,600	$7,300
average gap	$5,307	$5,693	$5,207

Source: See Table 5.2.

As Table 5.10 shows, the poverty gap for all households, measured in 1986 dollars, grew by 26 per cent between 1973 and 1986. But it did not grow over the whole period, since it was higher in 1979 than in 1986. Most of this increase in the gap is attributable to increased numbers and not to an increase in the average depth of poverty per household. The average depth increased by only $27 between 1973 and 1986, and like the total gap it decreased after 1979. In other words, poor people could expect to be, on average, about the same distance below the poverty line in 1986 as they were in 1973; although the depth did not worsen, it did not improve either. To put the matter in another way, Canada's income safety net was relatively the same distance from the floor in 1986 as it was in 1973.

It is misleading, however, to discuss the aggregate poverty gap unless one also considers how the status of various groups has changed over time. Between 1973 and 1986, the total poverty gaps for two groups changed dramatically: the total gap for the elderly fell from $1.4 billion to only $0.9 billion, and the gap for working-age households increased by $2.2 billion. The growth of the total gap in the latter case is attributable to a growth in the number of poor rather than to an increase in the depth of poverty, since the average gap actually fell by $100.

Table 5.11 shows the dollar amount by which the average poor household with a given characteristic fell below the poverty line in 1986. Note that all of the provinces east of Ontario showed average gaps below the national average in 1986, whereas all of those west of Quebec showed higher than

Table 5.11
Average Household Poverty Gap, 1986 — Statistics Canada Definition

Characteristic	Amount of gap
Canada	$4,469
Newfoundland	4,151
Prince Edward Island	2,945
Nova Scotia	3,732
New Brunswick	4,077
Quebec	4,510
Ontario	4,532
Manitoba	5,076
Saskatchewan	5,132
Alberta	4,839
British Columbia	4,405
Family type	
couple/children	6,162
lone-parent/male	5,698
lone-parent/female	6,365
couple/no children	4,349
elderly couple	2,476
individual/elderly	1,839
individual/non-elderly	4,463
other family	4,818
Working poor	4,605
Other poor	5,452
Elderly	2,037

Source: See Table 5.2.

average gaps. This means that although rates of poverty tended to be lower in the provinces west of Quebec, the households in these provinces that were below the poverty line, were farther below it than were their relatively more numerous counterparts in the provinces east of Ontario. The smallest gap was in Prince Edward Island and the largest in Saskatchewan.

By family type, the largest average gap in 1986 was recorded by lone-parent families headed by women, but they were followed closely by two-parent families. The elderly had the smallest gaps. The gaps for unattached individuals varied substantially with their age. The poverty gap for non-elderly unattached individuals was twice as large as the gap for elderly individuals. The working poor had a smaller gap than the other poor, but the difference (18 per cent) was perhaps not as large as one would expect. Indeed, the comparative smallness of this difference shows that the gain in income that results from being employed rather than not being employed is not necessarily very great.

Figure 5.3 illustrates the total contribution to the nation's poverty gap made by the poor in each province. The poverty gap is the product of the average depth of poverty and the extent of poverty. The depth is the amount by which the average poor household in a given province is below the poverty line. This dimension is depicted on the vertical axis by the length of the relevant bar. The extent of poverty is the number of poor in the province. This dimension is depicted on the horizontal axis by the width of the bar. The product of these two dimensions, the "area" of the bar, is the total poverty gap for the province. Figure 5.3 makes quickly clear not only the size of each province's contribution to the nation's gap, but also whether it is the depth of poverty or its extent that has the larger effect on the provincial gap.

Table 5.12 shows the percentage contributions that different groups make to the poverty gap and how their contributions have changed over the years. (These contributions are the product of the average depth of poverty for each group and the size of the group.) In 1986, Quebec and Ontario accounted for 60 per cent of the total poverty gap. This means that if poverty were eradicated in Canada, 60 per cent of the total requirement of $8.2 billion would go to these two provinces. Over one-third of the funds would go to non-elderly unattached individuals, and almost 90 per cent would go to those under 65. The working poor would require 23 per cent.

The composition of the total gap has changed somewhat over the years. The elderly, who accounted for 21.4 per cent of the gap in 1973, accounted for only 10.6 per cent in 1986. Non-elderly unattached individuals, however, accounted for 30.7 per cent of the gap in 1973 and 35.2 per cent in 1986. British Columbia's contribution rose by about four percentage points — an increase of almost 50 per cent. Ontario improved its situation considerably, as did Atlantic Canada. The contribution to the gap by families headed by lone-parent women increased from 15.4 to 18.1 per cent.

Figure 5-3
The Depth and Extent of Poverty — Contributions to Canada's Poverty Gap by Province, 1986

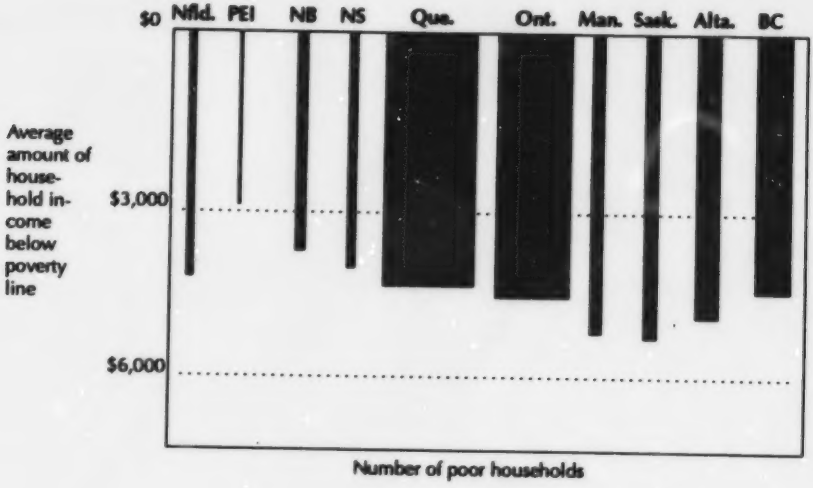


Table 5.12
Contributions to the Poverty Gap by Selected Characteristics, 1973, 1979, and 1986 — Statistics Canada Definition (1986 dollars)

Total gap (millions)	1973 $6,500	1979 $8,500	1986 $8,200
Characteristic	Percentage contribution		
Canada	100.0	100.0	100.0
Atlantic	10.0	9.2	7.9
Quebec	28.7	26.9	32.3
Ontario	33.8	34.2	28.0
Prairies	18.5	17.9	18.9
British Columbia	8.9	11.8	12.8
Family type			
couple/children	22.8	22.1	22.5
lone-parent/male	0.4	0.6	1.1
lone-parent/female	15.4	16.1	18.1
couple/no children	5.1	4.6	6.2
elderly couple	5.7	3.5	1.7
elderly individual	13.3	15.3	7.5
individual/non-elderly	30.7	30.0	35.2
other family	6.6	7.8	7.6
Employment status			
working poor	23.7	21.5	23.0
other poor	76.2	78.5	77.0
Age			
under 65 years	78.6	78.7	89.4
over 65 years	21.4	21.3	10.6

Source: See Table 5.2.

6

Employment, Earnings, and the Working Poor

This chapter presents a detailed analysis of the working poor and the effects of employment, earnings, and two-earner families on income and poverty during the period 1973-1986. Our discussion of two-earner families includes an examination of the employment patterns of spouses.

As we noted briefly in Chapter 5, the phrase "working poor" has a specific and strict definition in this book that may differ from other, more popular definitions. Our purpose here is to examine the relationship between employment and poverty. Since the labour force participation rate of the elderly dropped substantially over the period under examination, and today is very small, we limit our scrutiny to the population under age 65.

We also exclude from the category "working poor" any household whose adult members did not, between them, have at least 49 weeks of either full-time or part-time work during the year. If there is only one adult in the household, this criterion requires year-round participation in the labour force by that person. If there are two adults, it requires some combination of weeks worked that adds up to 49 weeks. Our definition excludes the labour force contributions of dependent children, since much of this work consists of short-time and intermittent employment such as delivering newspapers and bagging groceries after school. Our reason for constructing this rather narrow definition of "working poor" is to test the validity of the common assertion that in an industrialized economy any household that puts in a full year of employment is unlikely to be poor.

The Working Poor

As Table 6.1 shows, the number of working-poor households increased steadily between 1973 and 1986, growing by 19 per cent for families and 46 per cent for unattached individuals. The fact that the national rate of unemployment rose by 75 per cent during the period undoubtedly explains much of this increase. In spite of the rise in the number of working poor, however, the ratio of working-poor households to all poor households under 65 years declined over the period. The proportion of the poverty gap attributable to the working poor was about the same in 1986 as it had been in 1973, although it rose between 1979 and 1986. The average gap diminished substantially after 1979.

Table 6.1
The Working Poor, 1973, 1979, and 1986

	1973	1979	1986
Number of working poor			
families	226,430	243,610	269,370
unattached individuals	95,810	100,270	140,110
total households	322,240	343,880	409,480
Share of all non-elderly poor households	33.3%	29.4%	29.0%
Contribution to poverty gap	23.7%	21.5%	23.0%
Average poverty gap (1986 $)	$4,806	$5,283	$4,605
National unemployment rate	5.5%	7.4%	9.6%

Sources: Unemployment data are from Statistics Canada, *Historical Labour Force Statistics*, 1987. For the other data, see Table 5.2.

Who are the working poor? Table 6.2 compares working-poor households and non-poor households, and from this comparison, a distinct profile of the working poor emerges.

In 1986, the working poor resided disproportionately in the western provinces, which contained only 27.6 per cent of all non-poor families but 36.4 per cent of all working-poor families. By marked contrast, Ontario, which has a much larger population than the western provinces, contained only 27.7 per cent of Canada's working-poor families. Working-poor families were especially over-represented in Saskatchewan.

A second important feature of working-poor households is that they have, on average, considerably less formal education than non-poor households. Nevertheless, in 1986 one-quarter of working-poor unattached individuals had a post-secondary diploma, certificate, or degree, as did 16 per cent of the heads of working-poor families. A third important difference between the working poor and the non-poor (not shown in the table) is the greater extent to which working-poor families have dependent children: in 1986, nearly three-quarters of working-poor families but only slightly more than half of non-poor families had children under 18.

Table 6.2
Comparative Distribution of Canada's Working Poor and Non-Poor Households, 1986 — Statistics Canada Low-Income Lines

	Families		Unattached individuals	
	Working poor	Non-poor	Working poor	Non-poor
Number (thousands)	269	5,204	140	1,433
Characteristic	100.0%	100.0%	100.0%	100.0%
Province				
Newfoundland	2.1	1.9	0.6	0.6
Prince Edward Island	0.4	0.5	0.4	0.3
Nova Scotia	2.9	3.2	2.2	2.7
New Brunswick	2.0	2.6	1.9	1.9
Quebec	28.6	26.8	26.2	22.9
Ontario	27.7	37.4	35.3	38.3
Manitoba	6.5	3.8	2.5	4.5
Saskatchewan	7.2	3.4	4.2	3.8
Alberta	10.7	9.3	9.8	10.4
British Columbia	12.0	11.1	17.0	14.7
Age of head				
under 25 years	5.8	4.0	37.0	16.9
25-34	34.3	26.0	27.8	38.0
35-44	29.0	30.4	13.4	18.2
45-54	16.8	21.7	10.8	12.4
55-64	14.2	18.0	10.9	14.5
Family type				
couple/children	58.0	49.3	0.0	0.0
lone-parent/male	1.6	1.0	0.0	0.0
lone-parent/female	12.6	3.5	0.0	0.0
couple/no children	18.4	26.0	0.0	0.0
individual/non-elderly	0.0	0.0	100.0	100.0
other family	9.4	20.1	0.0	0.0
Education				
0-8 years	18.0	15.0	10.8	7.3
some high school	56.5	46.4	53.3	41.7
some post-secondary	9.3	8.6	10.9	11.6
certificate/diploma	9.2	13.3	16.2	18.8
university degree	7.0	16.7	8.8	20.6
Number of earners				
none	0.0	7.2	0.0	11.2
one	69.6	42.5	100.0	88.8
two or more	30.4	50.3	0.0	0.0

Size of community	Working poor	Non-poor
(no breakdown by household type)		
100,000 or more	60.6	58.8
30,000-99,999	9.2	11.8
less than 30,000	11.2	13.2
rural	19.0	16.1

Source: See Table 5.2.

Age also distinguishes the working-poor, especially in the case of unattached individuals. In 1986, the proportion of working-poor unattached individuals under 25 was more than twice as large as the proportion of non-poor individuals under 25. Working-poor families were on average younger than non-poor

families, but in this case the largest concentration of working poor was in the 25-34 age group.

An important difference between working-poor and non-poor families is that the latter are more likely to include at least two adult earners. One-half of non-poor families but less than one-third of working-poor families included two or more earners in 1986.

Between 1973 and 1986, the following changes occurred in the composition of the working poor (this information is not presented in tabular form): the proportion of couples with children decreased and the proportion of lone-parent families increased, the prairie provinces' share of the working poor increased and Quebec's and the Atlantic provinces' shares decreased, and the proportion of two-earner working-poor families increased.

Table 6.3 focuses on the roughly 60 per cent of working-poor families that consist of couples with dependent children. It shows that working-poor couples tend to be either younger or older than non-poor couples and are under-represented among the middle-aged. As a group they have considerably less formal education than the non-poor. They also tend to have more children than non-poor families and are more likely to be one-earner families. They are also over-represented in the prairie provinces.

Table 6.3
Percentage Distribution of Working Poor and Non-Poor Couples with Children, by Selected Characteristics, 1986 — Statistics Canada Definition

	Working poor	Non-poor
Total households	156,140	2,565,520
Characteristic	100.0%	100.0%
Province		
Newfoundland	2.7	2.4
Prince Edward Island	0.6	0.5
Nova Scotia	2.5	3.5
New Brunswick	2.3	2.8
Quebec	25.8	26.4
Ontario	29.5	37.0
Manitoba	8.1	3.8
Saskatchewan	8.1	3.7
Alberta	10.5	9.5
British Columbia	9.7	10.3
Age of head		
under 25 years	3.8	2.2
25-34	39.3	30.8
35-44	36.3	45.1
45-54	15.1	18.3
55-64	5.4	3.5
Education		
0-8 years	17.7	11.3
some high school	57.3	46.7
some post-secondary	9.6	8.3
certificate/diploma	7.1	14.6
university degree	8.4	19.0
Number of earners		
none	0.0	2.5
one	62.7	40.2
two or more	37.3	57.3
Average number of children	2.20	1.85

Source: See Table 5.2.

The Number of Earners and Poverty

This section examines the effect of the number of earners in a family on income and poverty. Our definition of "earner" includes only those who have been employed for 26 or more weeks (full- or part-time) during the year and excludes dependent children.

Table 6.4 shows the increasing importance of the number of earners as a characteristic that distinguishes between poor and non-poor couples under the

Table 6.4
A Comparison of Poor and Non-Poor Non-Elderly Couples by Number of Earners, 1973, 1979, and 1986 — Statistics Canada Definition

Number of earners	1973		1979		1986	
	Poor	Non-poor	Poor	Non-poor	Poor	Non-poor
None	30.1	2.6	31.1	2.9	38.0	4.9
One	54.5	60.3	49.7	47.3	43.9	37.5
Two	15.4	37.2	19.2	49.8	18.1	57.6
	100%	100%	100%	100%	100%	100%

Source: See Table 5.2.

age of 65. In 1986, 57.6 per cent of non-poor couples but only 18.1 per cent of poor couples were two-earner couples. Moreover, although the proportion of one-earner couples declined among both poor and non-poor couples between 1973 and 1986, among poor couples this reduction was offset largely by an increase in the proportion of no-earner couples, whereas among non-poor couples it was offset largely by an increase in the proportion of two-earner households. Clearly, a couple's chances of being poor are greatly reduced if both members manage to find and hold employment.

Table 6.5 provides further confirmation of this conclusion. It presents all of the possible combinations of employment in a two-adult household and shows

Table 6.5
Employment Patterns among Women in Poor and Non-Poor Two-Adult Families, 1973, 1979, and 1986 — Statistics Canada Definition

Employment of husband	Employment of wife					
	Poor			Non-poor		
	Full time	Part time	No employment	Full time	Part time	No employment
	(per cent)					
1973						
Full time	6.0	12.0	30.2	19.8	22.1	41.7
Part time	0.8	8.2	23.2	3.2	4.6	6.7
No employment	0.5	2.5	16.6	0.4	0.2	1.2
Total: wife	7.3	22.7	70.0	23.4	26.9	49.6
1979						
Full time	7.8	12.1	23.0	26.2	25.5	30.4
Part time	1.8	10.9	23.0	4.5	5.6	5.2
No employment	1.5	2.5	17.4	0.8	0.4	1.5
Total: wife	11.1	25.5	63.4	31.5	31.5	37.1
1986						
Full time	6.4	11.2	19.5	31.6	25.9	21.3
Part time	2.9	12.7	19.1	5.9	6.2	4.3
No employment	1.3	4.2	22.8	1.2	0.9	2.8
Total: wife	10.6	28.1	61.4	38.7	33.0	28.4

Source: See Table 5.2.

how the proportion of households associated with each combination has changed over time. For example, the first three figures in the first row indicate that in 1973, 6 per cent of all poor couples consisted of two full-time earners, 12 per cent consisted of a husband who worked full time and a wife who worked part time, and 30.2 per cent consisted of a husband who worked full time and a wife who did not work at all — the most common employment pattern among poor couples in 1973. The figure at the bottom of each column for each year is the total distribution of wives' employment for that type of employment, and the sum of each set of three columns is 100 per cent.

Many observations drawn from the table are of interest:

1. The proportion of poor couples with no employment at all in 1986 was eight times larger than the proportion of non-poor couples with no employment. Nonetheless, only about one-quarter of poor couples had no employment.

2. Throughout the 1973-1986 period, it was more common among non-poor than among poor couples for both members to be fully employed. Moreover, the proportion of non-poor couples in this employment category increased by 60 per cent during the period, whereas the proportion of poor couples remained low and stable.

3. The situation in which the husband was fully employed and the wife had part-time employment was more than twice as common among non-poor couples as it was among poor couples in 1986. Moreover, this employment arrangement became more common among the non-poor over the period but less common among the poor.

4. The proportion of wives who had either full- or part-time employment increased throughout the period among both poor and non-poor couples, but it increased more rapidly among the non-poor. In 1986, 71.7 per cent of the wives in non-poor families but only 38.7 per cent of wives in poor families had some employment.

5. In 1973, one-half of wives in non-poor families had no employment; by 1986, this proportion had dropped to almost one-quarter. In poor families, however, the proportion of non-employed wives was 70 per cent in 1973 and had fallen by less than 9 percentage points by 1986.

6. Among both poor and non-poor households, labour force participation by wives increased over the period and participation by husbands declined. Both tendencies were more pronounced among the non-poor than among the poor.

It is clear there is a substantial difference between the patterns of employment among women in poor and non-poor families. Moreover, this difference, which was already evident in 1973, had become much more pronounced in 1986.

The Poverty Gap Revisited

In 1986, almost 80 per cent of all Canadian family income came from earnings. Of the remainder, 10 per cent came from government transfers, 6 per cent from investment, and 3 per cent from other sources.

In Chapter 5, we measured the poverty gap on the basis of the Statistics Canada definition of low income, which takes into account all forms of income from both private and public sources. What we examine here is the gap that would exist if only private or "market" income were available — that is, if government transfers did not exist. The purpose of this exercise is to distinguish the effect that market incomes have had on the poverty gap over time from the effect that government transfers have had. In Chapter 5, we noted that the overall gap increased by about $1.7 billion (in 1986 dollars) between 1973 and 1986, and that the gap for the poor population under the age of 65 increased by $2.1 billion. Why has the gap widened? Is it earnings (and the other, smaller sources of market income) or government transfers that have fallen behind?

Table 6.6 addresses this question. It shows what the poverty gap would have been between 1973 and 1986 had government transfers not been available and all Canadians been obliged to exist on market income alone. The table assumes implicitly that nothing else in the system would have changed to compensate for the lack of a government transfer system. This is, obviously, an unrealistic assumption, but it is impossible to say how market incomes would have behaved in the absence of government transfers. Nonetheless, even if the dollar values that the table assigns to the gaps may not be totally accurate, the table is probably quite accurate in its identification of trends.

Table 6.6
The Income Gap Between Market Income and the Statistics Canada Low-Income Lines, 1973, 1979, and 1986 (1986 Dollars)

	1973	1979	1986
All Households			
total gap (millions)	$14,180	$19,680	$26,000
average gap	$6,975	$6,817	$8,223
number (thousands)	2,033	2,887	3,162
Head over 65			
total gap (millions)	$5,840	$8,200	$10,000
average gap	$7,087	$6,544	$8,177
number (thousands)	824	1,253	1,223
Head under 65			
total gap (millions)	$8,340	$11,480	$16,000
average gap	$6,898	$7,025	$8,252
number (thousands)	1,209	1,634	1,939

Source: See Table 5.2.

What the table shows is that if the population had been obliged to rely on market income alone between 1973 and 1986, the poverty gap would have almost doubled over the period. Not only would many more people have been drawn into the market-income gap in 1986 than in 1973, but on average they would have been farther below as well. A comparison of Table 6.6 with Table 5.10, which showed how the all-income poverty gap changed between 1973 and 1986, makes it clear that market income alone has done a dismal job of keeping poverty at bay. The total all-income gap grew much less than did the total market-income gap between 1973 and 1979, and it actually decreased after 1979. Moreover, the average all-income gap did not grow at all; it was virtually the same in 1986 as it had been in 1973. We shall return to this comparison for a closer scrutiny in the concluding chapter. It is sufficient here to observe that the all-income gap was reasonably stable over time only because government transfers offset the worsening conditions imposed by market incomes.

7

The Near-Poor

Given the likely distribution of incomes in most industrialized countries, it is misleading to portray economic hardship as if it ended abruptly at some arbitrary income cut-off. Just above any poverty line is a range of income that contains the "near-poor," a group whose standard of living closely resembles that of the poor and is much different from that of typical (or middle-income) households.

This chapter focuses on the near-poor by examining households whose incomes are only 10 and 20 per cent above the Statistics Canada low-income cut-offs.

Table 7.1 shows that the additional income implied by an income at 110 per cent of the poverty line amounts roughly to daily bus or metro fare for each household member — not enough to permit a change in the way households live. For all practical purposes, households in this income range are just as poor as households that are classed as poor under the Statistics Canada definition of poverty.

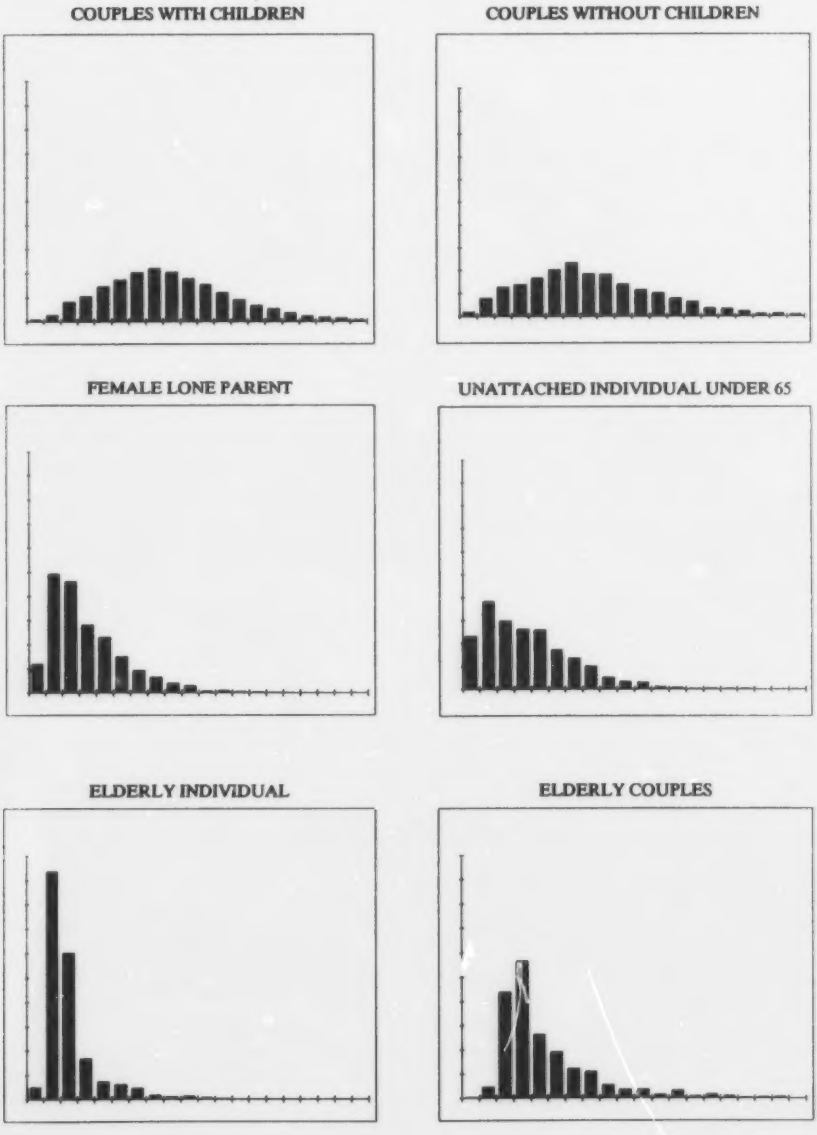
Table 7.1
Incomes of Near-Poor Households at 110 Per Cent of the Poverty Line, 1989

Household type	Poverty line	Additional income
Unattached individual, Victoria	$11,788	$3.23/day
Couple, Charlottetown	$15,602	$4.27/day = $2.14/day/person
Family of four, Montreal	$26,619	$7.29/day = $1.82/day/person
Family of six, Toronto	$31,568	$8.65/day = $1.44/day/person

Source: Calculations by the authors.

Figure 7-1

INCOME DISTRIBUTION OF CANADIAN FAMILIES, 1986
SELECTED TYPES

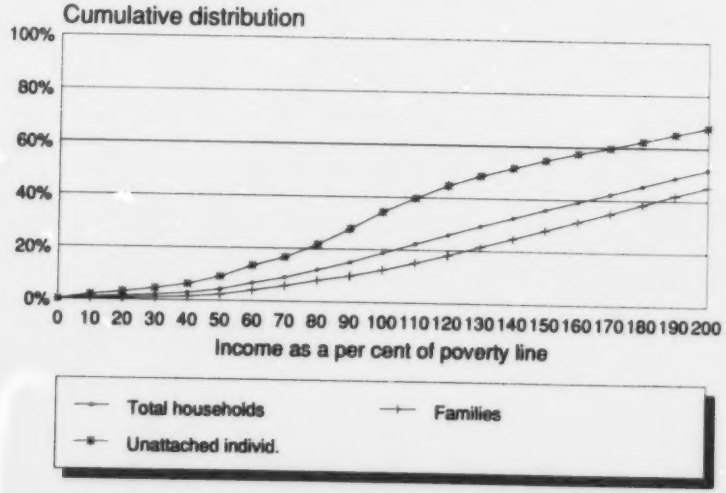


Identifying the Near-Poor

The income distribution of Canadian households tends to follow a normal statistical distribution — the familiar "bell" curve. It does so because in Canada, as in developed industrial economies generally, households are concentrated in the middle class. In a less industrialized economy, the population may be distributed more or less clearly between two distinct groups — the poor and the privileged. Because the income distribution in Canada is more nearly continuous, one cannot differentiate precisely between the poor and the non-poor. The problem is complicated by the fact that the income distribution for all households masks important differences in income distribution among household types. Consequently, any attempt to identify the poor — and hence the near-poor — must begin by examining the income distribution for each type of household. As Figure 7.1 shows, household types that include a substantial number of near-poor households tend to have income distributions with sharp peaks at low income levels (the bottom four groups in particular).

The income distribution of households is usually graphed with income on the horizontal axis. But since poverty lines vary with household size and location, and not just with income, it helps the analysis of near poverty to show the income of each household relative to the poverty line for its type of household. Figure 7.2 shows the cumulative distribution for the two basic household types, families and unattached individuals,and for total households as well. The horizontal axis

Figure 7-2 Cumulative Distribution of Households by Income as Per Cent of Poverty Line, 1986



Source: See Table 5.2.

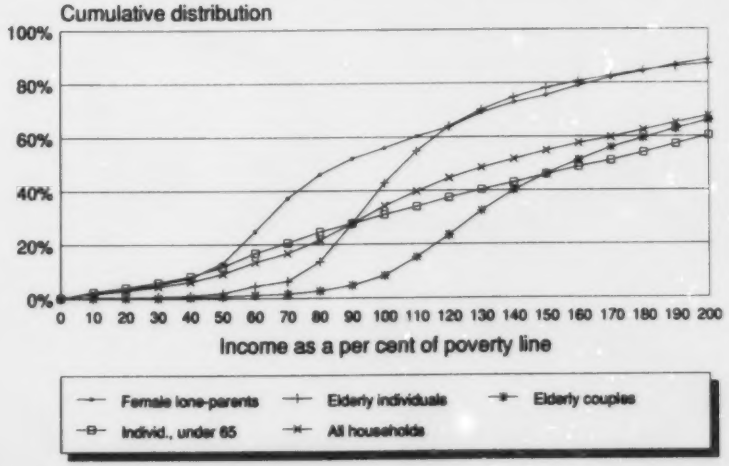
expresses the income of households as a percentage of the relevant poverty line. Values below 100 per cent indicate poor households, values above 100 per cent non-poor households. Because there is no agreed-upon definition of *near-poor,* we distinguish two levels of near-poor households: those that occupy the interval between 100 and 110 per cent of the poverty line, and households that occupy the interval between 100 and 120 per cent. The vertical axis records the cumu-

Table 7.2
Poor and Near-Poor Households, 1986

Household type	Number	Percentage with incomes below poverty line	110% of poverty line	120% of poverty line
all households	9,794,740	19	22	26
couples with children	2,864,500	10	13	16
lone-parents/male	69,790	23	24	28
lone-parents/female	416,490	56	60	64
elderly individuals	783,820	43	55	64
elderly couples	687,990	8	15	23
non-elderly individuals	2,080,430	31	34	37
couples, no children	1,473,490	8	10	11
other households	1,418,230	9	11	14

Source: See Table 5.2

Figure 7-3 Cumulative Distribution, Family Types, Income as Per Cent of Poverty Line, 1986



Source: See Table 5.2.

lative percentage distribution of households. The curves indicate the proportion of households of each type with incomes below a given percentage of the poverty line. Table 7.2 presents the rates of poverty and near-poverty for various household types. Figure 7.3 displays curves for several household types that include a substantial proportion of poor or near-poor, and Figure 7.4 shows the impact of the number of earners in a household on poverty and near-poverty.

Female Lone-Parents

The curve in Figure 7.3 that represents female lone-parents clearly demonstrates their high rate of poverty in 1986 — 56 per cent. Because so many female lone-parents were below the poverty line, relatively few had incomes between 100 and 120 per cent of the poverty line. As Figure 7-4 shows, almost 90 per cent of female lone-parents who were not earners by our definition — those who spent less than 26 weeks in the labour force — were poor in 1986; presumably most of these individuals relied heavily on social assistance. Female lone-parents who spent at least 26 weeks in the labour force fared better, though they were still significantly worse off than other household types: 27 per cent were poor and another 12 per cent were near poverty.

Elderly Individuals

Table 7.2 indicates that in 1986, elderly unattached individuals had both a high poverty rate (43 per cent) and a high rate of near poverty (21 per cent). Altogether, about two-thirds of the unattached elderly lived in precarious income circumstances. A majority of the elderly received most of their income from public programs: Old Age Security (OAS), the Guaranteed Income Supplement (GIS), and the Canada and Quebec pension plans (CPP/QPP). The combined benefits from these programs leads to a bunching of elderly incomes around the poverty line.

Elderly Couples

Elderly couples had a relatively low poverty rate — 8 per cent — in 1986. The rate was low largely because couples eligible for full OAS and GIS benefits were virtually guaranteed an income above the poverty line. This does not mean that the incomes of elderly couples are generous, since a substantial number — 15 per cent in 1986 — live just above the poverty line. Moreover, the death of either spouse will leave the remaining partner, usually female, with substantially less income.

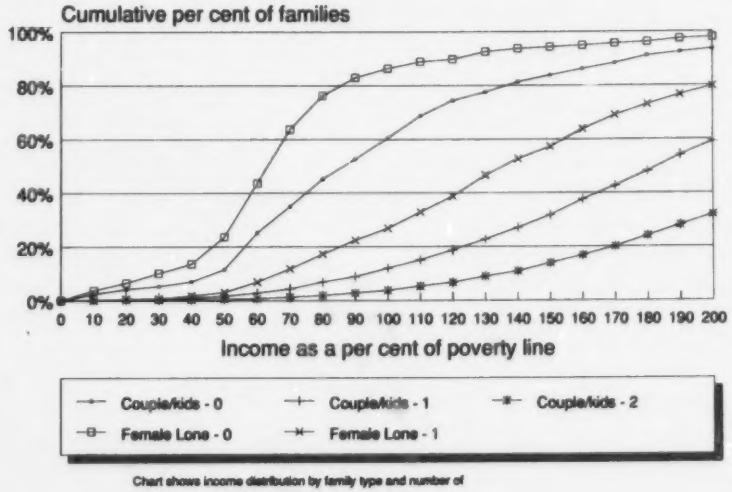
Unattached Individuals

The poverty rate for non-elderly unattached individuals was 31 per cent in 1986 — a much lower figure than the rate for elderly individuals but nevertheless a good deal higher than the rate for all households. The number of near-poor was relatively small, however — about 6 per cent.

Couples with Children

It is misleading to treat households of this type as a homogeneous group. Among couples with children, the poverty and near poverty rates vary greatly with the number of earners in the family. In 1986, the poverty rate was 60 per cent for couples with no earners, 12 per cent for one-earner couples, and 4 per cent for two-earner couples (see Figure 7-4). When we include the near-poor, these percentages rise to 75, 20 and 8 per cent respectively

Figure 7-4 Cumulative Distribution, No. of Earners, Income as Per Cent of Poverty Line, 1986


Cumulative per cent of families
100%
80%
60%
40%
20%
0%
0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160 170 180 190 200
Income as a per cent of poverty line
Couple/kids - 0
Couple/kids - 1
Couple/kids - 2
Female Lone - 0
Female Lone - 1
Chart shows income distribution by family type and number of earners, e.g., "Couple/kids–0" denotes a couple with children, having no income earners.

Source: See Table 5.2.

8

The Distribution of Income in Canada

Table 8.1 shows the distribution of total income in Canada, by quintiles, in 1973, 1979, and 1986. As the table makes clear, this distribution showed considerable resistance to change over the years. It remained steadfastly— and remarkably— unequal for families, unattached individuals, and households alike. Within the categories of all households and unattached individuals, the top quintiles received about nine times as much income in 1986 as did the bottom quintiles. The distribution by families was somewhat better: in this case, the top quintile received about six times as much income as the bottom quintile.

It should be noted that total household income in Canada in 1986 was about $330 billion. So each percentage point of difference among the 1986 quintiles for all households represents a considerable amount — $3.3 billion. Families accounted for about $280 billion of the 1986 total, so in the family quintiles for 1986, 1 percentage point of income equals $2.8 billion.

Table 8.1
Quintile Shares of Total Income, 1973, 1979, and 1986

	Families			Unattached individuals			All households		
	1973	1979	1986	1973	1979	1986	1973	1979	1986
				Per cent					
Quintile	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Bottom	6.1	6.1	6.4	3.2	4.6	5.2	3.9	4.2	4.7
Second	12.9	13.0	12.4	8.6	8.9	10.4	10.7	10.6	10.4
Middle	18.1	18.4	17.9	15.2	15.8	15.3	17.6	17.6	17.0
Fourth	23.9	24.3	24.0	24.9	25.1	24.4	25.1	25.3	24.9
Top	38.9	38.3	39.3	48.1	45.6	44.7	42.7	42.3	43.1

Source: Statistics Canada, *Income Distributions By Size in Canada*, 1987.

Unattached individuals made the greatest gains in income equality between 1973 and 1986. The bottom quintile gained 2.0 additional points of income and the second quintile 1.8 points, whereas the top quintile lost 3.4 points. Since a large proportion of unattached individuals are elderly, one can assume that the progressive enrichment of Canada's public pension system is responsible in large part for the improvement in the situation of individuals in the two bottom quintiles.

The distribution of family income became more equal between 1973 and 1979 but less so between 1979 and 1986. In order to examine the distribution of family income more closely, we have merged the quintiles into three groups; lower (quintiles 1 and 2), middle (quintile 3), and upper (quintiles 4 and 5). For reference, note that in 1986 average family income was $41,200; the highest income in the lower group (40th percentile) was $31,200; and the minimum income of the upper group (60th percentile) was $42,500.

How did the shares of these three groups fare between 1979 and 1986? The share of income that went to the lower group decreased by 0.3 percentage points, the middle group's share fell by 0.5 percentage points, and the upper group's share increased by 0.7 percentage points (the decreases should be exactly balanced by the increase, but the rounding of the numbers creates a small discrepancy). This means that upper-income families increased their share of Canada's total income at the expense of middle- and lower- income families. The total value of this redistribution was about $2.1 billion.

Table 8.2 provides a more detailed breakdown of income shares by dividing the total number of households into deciles — that is, into ten rather than five equal segments. (Two deciles can be combined to obtain the corresponding quintile.) Unfortunately, the method formerly used by Statistics Canada to

Table 8.2
Decile Shares of Total Income, 1986

Decile	Families	Unattached individuals	All households
		per cent	
First (bottom)	2.3	1.6	1.6
Second	4.0	3.6	3.1
Third	5.5	4.8	4.4
Fourth	6.9	5.6	6.0
Fifth	8.2	6.8	7.6
Sixth	9.6	8.5	9.4
Seventh	11.1	10.9	11.3
Eighth	12.9	13.6	1[illegible]
Ninth	15.5	17.4	16.8
Tenth (top)	23.9	27.2	26.3
	100.0%	100.0%	100.0%

Source: See Table 5.2.

maintain the confidentiality of its survey data makes it impossible to provide accurate decile breakdowns for 1973 and 1979.

The decile data in Table 8.2 show that there was considerable inequality, or lack of income homogeneity, within quintile shares in 1986. For example, within the bottom quintile of all households, the first decile received only one-third of the 4.7 per cent share of total income that went to the bottom quintile, whereas the second decile received two-thirds. This one-third/two-thirds sharing of quintile income applied to the top quintile as well: the average income of households in the ninth decile was $62,000 in 1986, whereas for the tenth decile the average was $96,000. There was more homogeneity in the middle quintile: income was shared on a 44 per cent/56 per cent basis between the fifth and sixth deciles, in which average incomes were, respectively, $33,200 and $39,100.

Table 8.3 shows the 1986 distribution of market income alone, as market income was defined in Chapter 6. The table deals with the non-elderly population only, and it omits private pension income from market income. (Since few of the non-elderly receive private pension income, the ommission is insignificant). Because Table 8.3 does not deal with the whole population, its findings can be compared only loosely with those in Table 8.2. Moreover, as we noted in Chapter 6, it is not likely that the distribution of market income would be precisely the same in the absence of government transfer payments as it is in the presence of those payments.

In spite of these qualifications, however, the data in Table 8.3 make it clear that the distribution of income in Canada, unequal as it is, becomes even more

Table 8.3
Decile Shares of Total Earnings and Investment Income, 1986 — Population Under Age 65 Only

Decile	Families	Unattached individuals	All households
		per cent	
First (bottom)	0.4	0.1	0.1
Second	3.0	0.7	1.9
Third	5.2	2.7	4.1
Fourth	6.9	4.9	6.1
Fifth	8.5	7.3	8.0
Sixth	10.1	9.7	9.8
Seventh	11.6	12.2	11.8
Eighth	13.5	15.1	14.1
Ninth	16.2	18.8	17.2
Tenth (top)	24.8	28.7	26.9
	100.0%	100.0%	100.0%

Source: See Table 5.2.

unequal when government transfer payments are removed from the accounting. Indeed, if transfer payments were to end at this moment, households in the bottom decile would be obliged to exist on almost no income at all.

9

Distribution of the Benefits of Canada's Income Security System

This chapter presents a clear picture of which income classes benefit the most from Canada's income security system. It examines both the distribution of total benefits and the distribution by deciles of benefits from the following programs:

- social assistance,
- unemployment insurance (UI),
- the Canada and Quebec pension plans (CPP/QPP),
- old age security/guaranteed income supplement/spouse's allowance (OAS/GIS/SA), and
- family allowances.

Social assistance, the guaranteed income supplement and spouse's allowance are specifically designed to help the poor; the other programs are not. The purpose of unemployment insurance and the CPP/QPP is to provide income insurance, regardless of income level. OAS payments and family allowances are universal entitlements or demogrants; they are not related to economic need. Nevertheless, some of these programs do have the effect of transferring funds from middle- and high-income households to low-income households. OAS payments, for example, are aimed at the elderly as a group, but since the elderly as a group have less-than-average incomes the program serves to redistribute income downward and hence to benefit the poor. In the absence of the various government transfer programs, households would have to depend entirely on market income — earnings, private pensions, and income from investment. And

the distribution of market income, as we have seen, favours households with above-average incomes.

It would be unreasonable to fault programs for not benefiting low-income households if that is not their purpose. Nevertheless, it is worth asking to what extent the various transfer programs do in fact benefit the poor, intentionally or not. With the exception of the child tax credit, our analysis here does not extend to benefits distributed through tax provisions such as the registered retirement savings plan (RRSP) program, dividend tax credits, and the capital gains exemption. The lion's share of these benefits go to wealthy Canadians.

Table 9.1 shows the total expenditure in 1986 for each program, the proportion of this expenditure that went to poor households, and the proportion that went toward reducing the poverty gap. The two proportions differ because many households that would have been poor had they not received the transfers in question were not poor precisely because they did receive them — that is, the transfers carried them over the poverty line. Thus the proportion of transfer expenditures that goes toward reducing the poverty gap always exceeds the proportion that goes to people who are defined as poor on the basis of their post-transfer income.

Table 9.1
Distributional Effects of Government Transfer Programs, 1986

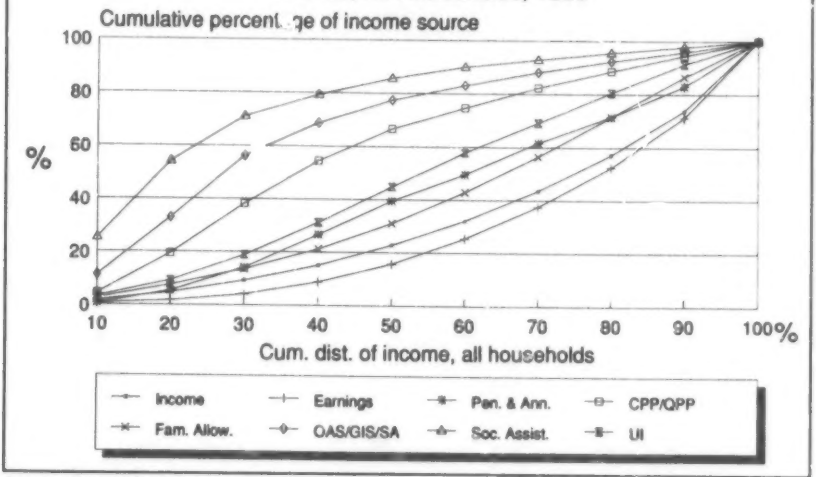
	$ millions	Proportion of transfers directed to the poor	the poverty gap
Social insurance			
Unemployment insurance	8,011	11.5%	20.3%
CPP/QPP	6,345	12.1	23.8
Demogrants			
OAS/GIS/SA	11,929	23.8	48.1
Family allowances	2,633	16.5	17.4
Social support			
Social assistance	4,835	63.7	71.5
Total — transfers	**33,753**	**23.8**	**37.9**

Source: See Table 5.2.

As the table indicates, 20 per cent of UI and 24 per cent of CPP/QPP expenditures went toward reducing poverty in 1986. The table combines OAS, a demogrant, with the income-tested GIS and SA programs; separate figures are not available for these elderly benefits programs in the Statistics Canada annual survey. Since the target population for these combined programs is the elderly, who tend to have low incomes, it is not surprising that 48.1 per cent of the expenditure went toward reducing poverty. Family allowances had only a minor impact on poverty.

About 72 per cent of social assistance expenditures in 1986 went toward reducing poverty. The reason why the figure is not closer to 100 per cent, as one might expect it to be, is that a household may receive social assistance for only part of a year and earn enough during the rest of the year to put its total income above the poverty line.

Figure 9-1 Cumulative Distribution of Income by Source, All Households, 1986



Source: See Table 5.2.

Figure 9.1 is an analysis of the cumulative distribution of public program expenditures based on the data in Table 9.2. The horizontal axis indicates deciles of household income. The vertical axis indicates the cumulative percentage of income that went to households in the various deciles. The figure indicates that the poorest 40 per cent of households received about:

- 9 per cent of earnings,
- 15 per cent of total income,
- 21 per cent of family allowances,
- 27 per cent of private pensions and annuities

Table 9.2
Distribution of the Benefits of Public Income Security Programs by Income Deciles, All Households, 1986

	CPP/QPP	Family allowances	OAS/GIS/SA	Social assistance	UI
Total expenditure (millions)	$6,300	$2,600	$11,900	$4,800	$8,000
Decile			per cent		
first (bottom)	4.4	2.6	11.3	25.3	3.2
second	14.9	5.0	21.6	29.0	5.9
third	18.8	6.0	23.3	16.8	9.6
fourth	16.2	7.6	12.5	8.2	12.4
fifth	12.2	9.8	8.6	6.3	13.6
sixth	8.0	11.9	5.7	4.4	13.0
seventh	7.7	13.5	5.0	2.8	11.3
eighth	6.4	15.0	4.2	2.7	11.4
ninth	5.9	15.1	3.5	2.3	10.8
tenth (top)	5.5	13.5	4.1	2.2	8.7
	100.0%	100.0%	100.0%	100.0%	100.0%

Source: See Table 5.2.

- 31 per cent of UI,
- 54 per cent of CPP/QPP,
- 69 per cent of OAS/GIS/SA, and
- 79 per cent of social assistance.

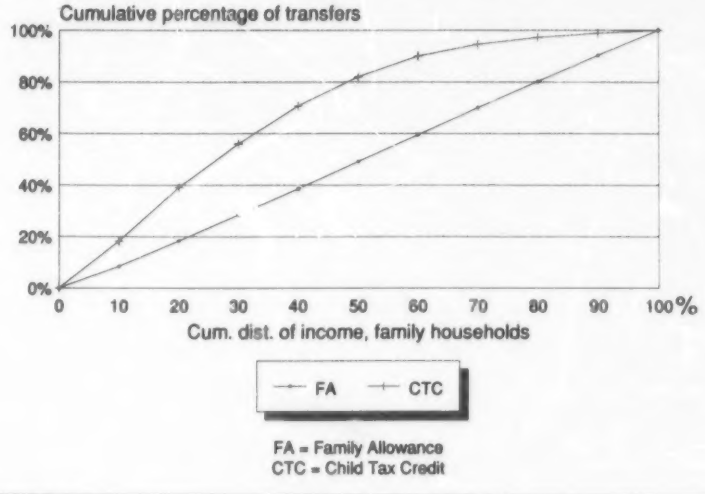
Table 9.2's analysis of the distribution of transfer payments among all households provides a picture of the overall anti-poverty impact of transfers. What the analysis overlooks, however, is each program's target: most income security programs are aimed not at all households but at specific types of households. For example, the table indicates that in 1986 only 21.2 per cent of family allowance expenditures went to households in the first four deciles — a result that suggests that the anti-poverty effect of family allowances is quite dismal. But in fact we should not expect a large proportion of family allowance expenditures to go to these deciles, since a disproportionate number of the people in them are elderly and have no dependent children.

Obviously, any analysis of the distribution of benefits under a specific program should confine itself to the segment of the population for which the program is designed. The balance of this chapter, accordingly, considers the anti-poverty effects of various programs strictly in relation to the target population for each program. We examine programs aimed at three specific populations: families with children, the elderly, and the non-elderly.

Families with Children

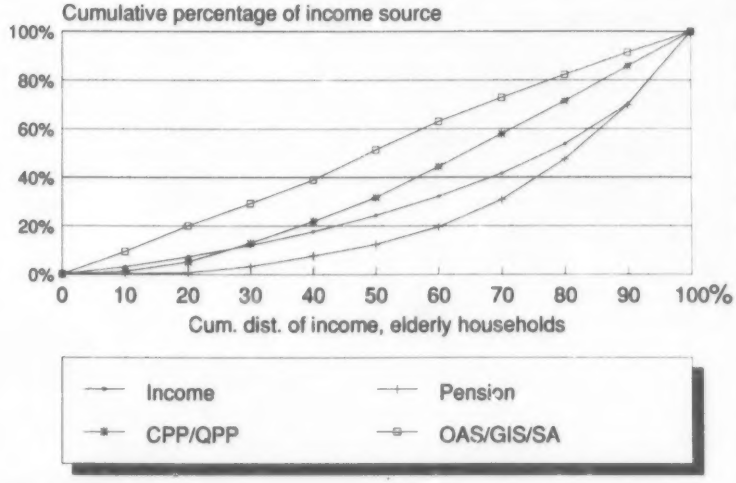
Figure 9.2 displays the distribution of benefits under two programs that target families with children — the family allowance program and the federal refundable child tax credit. Family allowances are universal and taxable transfers,

Figure 9-2 Cumulative Distribution of Income by Source, Families with Children, 1986



Source: See Table 5.2.

Figure 9-3 Cumulative Distribution of Income by Source, Elderly Households, 1986



Source: See Table 5.2.

payable to all families with children. The child tax credit, on the other hand, is targeted at families with less than average incomes.

The figure indicates that family allowance benefits are not redistributive within the target population: the poorest 50 per cent of families with children receive about 50 per cent of the benefits. Family allowance benefits are taxable, however, and the distribution of the benefits after tax is somewhat favourable to poorer families. The child tax credit is strongly redistributive: the poorest 50 per cent of families receive about 80 per cent of the benefits.

The Elderly

The majority of elderly households receive most of their income in the form of pension payments and old age security benefits. The public component of this income is essential. Figure 9.3 indicates that if the elderly relied solely on private pensions, the distribution of income among the elderly would be very unequal — the poorest 50 per cent receive only about 10 per cent of private pension and annuity income.

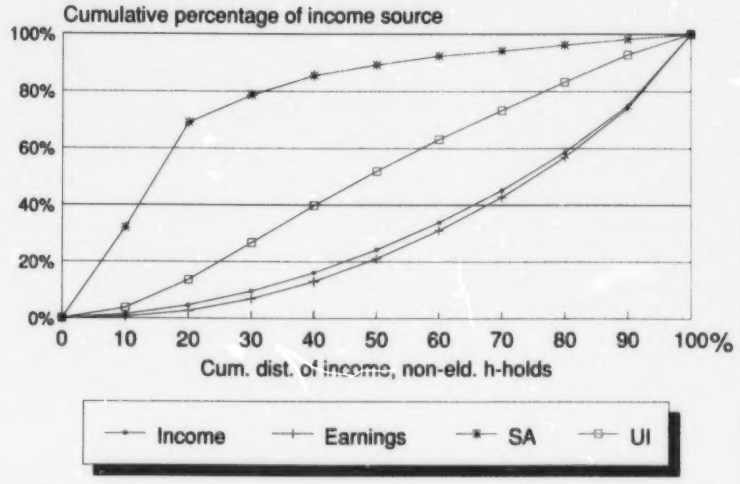
The redistributive effect of the elderly benefit programs within the elderly household group is slight. Since most expenditures in the OAS/GIS/SA package go largely to the universal old age security program, rather than to the income-tested guaranteed income supplement and spouse's allowance, the package is not particularly redistributive, although on an after-tax basis it is more so. The Canada and Quebec pensions plans are contributory insurance programs that do not target benefits to the poor. In fact, 70 per cent of the benefits go to the top 50 per cent of elderly households. For low-income households, the situation is aggravated by the fact that most elderly unattached individuals are women, many of whom receive only survivor benefits rather than full benefits.

The Non-Elderly

Households headed by someone under 65 are eligible for social assistance and unemployment insurance benefits. Social assistance provides some measure of income support to those in need, and unemployment insurance temporarily replaces the wages of individuals who are unemployed.

As one would expect, and as Figure 9.4 confirms, social assistance is highly redistributive: 80 per cent of benefits went to the poorest 50 per cent of non-elderly households in 1986. Unemployment Insurance appears to be essentially neutral in its effect on the income distribution of non-elderly Canadian households.

Figure 9-4 Cumulative Distribution of Income by Source, Non-Elderly Households, 1986



Source: See Table 5.2

10

Poverty and Income Distribution in Canada and Abroad

It is difficult, for two reasons, to compare poverty rates in Canada with poverty rates in other countries. In the first place, accurate information about poverty in other countries is surprisingly scarce. To our knowledge, the only industrialized country that has an official definition of poverty is the United States. Most other countries do have various unofficial definitions — the work of non-government agencies, academics, or advocacy organizations — but the scarcity of reliable data means that these definitions are often of doubtful comparative value. Many estimates of poverty in other countries are in fact merely estimates of the total number of people who draw income-tested public benefits of one sort or another. Consequently, these estimates exclude everyone who is declared ineligible for income-tested benefits on grounds other than low income (such as age, sex, or residency); what is more important, they generally exclude the working poor.

The second problem — one that plagues international comparisons of almost any phenomenon — is the non-compatibility of data and definitions. Data vary in their reliability, and it is unlikely that any two measures of poverty will agree precisely about matters such as the division of populations into comparable subgroups, the definition of income, family, and household, and the choice of reference years. Even if every country did have a single, official definition of poverty, the obvious question would remain: which definition should provide the basis for comparisons among countries?

Our point is not that international comparisons of poverty are impossible, but rather that in our present state of knowledge any such comparison is bound to

be somewhat rudimentary and must be viewed with caution. A leading comparative analysis is being developed by an international group of scholars in an undertaking called the Luxembourg Income Study (LIS), and this work forms the basis of much of what follows.

A Comparison of Relative Poverty Rates

Among other activities, the LIS study examines the distribution of income and the rates of poverty in seven industrial countries. In order to achieve comparability, the LIS study uses a measure of relative poverty somewhat similar to the measure that the CCSD applies to Canada. This measure estimates the number of households in a country that have disposable incomes (after income taxes and including transfers) of less than one-half of the country's median disposable household income. The LIS's most recent estimates — which unfortunately are already a bit dated — appear in Table 10.1.

Perhaps the most striking feature of the estimates is the distinction that appears between the three non-European countries under consideration and the four European countries. All of the countries in the former group have double-digit poverty rates, whereas all of the countries in the latter group have single-digit rates. The highest rate is in the United States and the lowest rates are in the two Scandinavian countries.

The ranking changes, however, when populations are broken down into age groups. Among people under 24, as among the general population, the United States has the highest rate, but in this case Canada comes second and the Scandinavian countries come third and fourth. Israel and the United Kingdom have the lowest rates of poverty among the young, but Israel has the highest rate among the elderly; its rate for the elderly is much higher than both its general rate and its rate for the young. In the United Kingdom as well, the poverty rate among the elderly is higher than the youth rate. By contrast, Sweden has eliminated poverty among the elderly. Canada performs reasonably well in the

Table 10.1
Relative Rates of Poverty for Seven Countries, All Persons, by Age

	Year	All persons	Under 24	65-74	75 and over
			per cent		
Canada	1981	12.1	22.7	11.2	12.1
West Germany	1981	7.2	14.5	12.7	15.2
Israel	1979	14.5	11.7	22.6	27.1
Norway	1979	4.8	16.8	2.7	7.3
Sweden	1981	5.0	17.3	0.0	0.0
United Kingdom	1979	8.8	11.6	16.2	22.0
United States	1979	16.9	28.0	17.8	25.5

Source: Stein Ringen, *Difference and Similarity: Two Studies in Comparative Income Distribution* (Stockholm: The Swedish Institute for Social Research, 1986). This work is based on findings of the Luxembourg Income Study.

comparison of rates for the elderly, ranking behind the Scandinavian countries.

Figure 10-1 International Child Poverty Rates by Family Types, Various Years

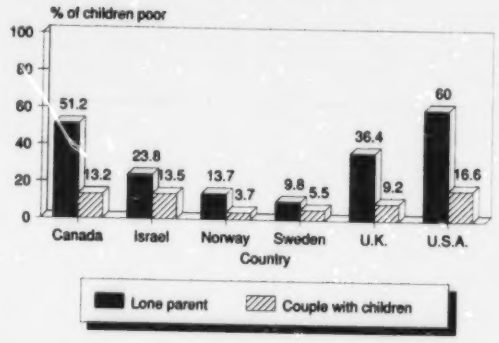


Table 10.2 presents rates of poverty among children by different family types. In all six countries (no figures are available for West Germany), poverty is more prevalent among children (17 years or younger) than among the population in general. Four countries show double-digit rates of child poverty, and only the Scandinavian countries have low rates. Lone-parent families have the highest rates — more than 50 per cent in both Canada and the United States; Canada's rate is five times the rate in Sweden. Only in Sweden do lone-parent and two-parent families seem to receive reasonably equal treatment.

Table 10.3 examines the impact of transfers and taxes on poverty rates in each of the seven countries. As the table shows, the rates of poverty before government transfers (but after taxes) are very high in every country. What is remarkable is that Sweden's is the highest of all. When government transfers are included in income, however, only the non-European countries maintain double-digit poverty rates. The level of transfers column in the table explains this result: only the non-European countries, including Canada, spend less than 10 per cent of total gross income on transfers. There tends to be a high correspondence between the level of transfers and the level of taxes, although Israel has a low level of transfers and a high level of taxes.

Table 10.2
Rates of Poverty, by Family Type, Among Children Under Age 17 — Seven Countries

	Year	All families	Lone parent	Two parents
		per cent		
Canada	1981	16.8	51.2	13.2
West Germany	1981	n.a.	n.a.	n.a.
Israel	1979	18.6	23.8	13.5
Norway	1979	5.6	13.7	3.7
Sweden	1981	5.2	9.8	5.5
United Kingdom	1979	10.4	36.4	9.2
United States	1979	24.1	60.0	16.6

Note: The rate of poverty among children is the percentage of children in a given family type whose families have incomes below the poverty line.

Source: See Table 10.1.

Table 10.3
International Comparisons of Transfers and Taxes and their Effect on Poverty Rates — Seven Countries

	Year	Poverty rates		Level of transfers	Level of taxes
		Pre-transfer	Post-transfer		
Canada	1981	25.6%	12.1%	9.1%	15.2%
West Germany	1981	28.3	7.2	16.5	22.5
Israel	1979	29.0	14.5	8.3	28.7
Norway	1979	24.1	4.8	14.1	25.3
Sweden	1981	41.0	5.0	29.2	29.7
United Kingdom	1979	27.9	8.8	17.2	16.9
United States	1979	27.3	16.9	8.0	21.0

Note: "Pre-transfer" refers to disposable market income and "post-transfer" to disposable total income. Levels of transfers and personal income and payroll taxes are calculated as percentages of total gross income.

Source: See Table 10.1.

Income Distribution

Table 10.4 provides data on the distribution of income in the seven countries. Gross income is total, pre-tax income; net income is total income (including transfers) less personal income and payroll taxes. Net income is the same as disposable income.

Inequality in the distribution of gross income is greatest in the United States, Israel, and West Germany. It is less marked in Canada the United Kingdom and Norway, and Sweden stands apart with its greater degree of equality. One is struck, however, by how similar the distributions are at the bottom. With the exception of the two extremes, Sweden (18.9 per cent) and the United States (13.6 per cent), the bottom two quintiles (that is, 40 per cent of households) typically receive about 15.5 per cent of total income. There is much greater variation at the top: the shares received by the top quintile range from 46.9 per cent in West Germany to 38.9 per cent in Sweden.

The picture changes when one takes income and payroll taxes into account. The largest changes in the direction of greater equality take place in Norway, Sweden, Israel, and the United States. More modest changes occur in Canada, West Germany, and the United Kingdom. Taxes have their greatest effect on income distribution in Israel, and their smallest effect in West Germany. In Canada, the change is reasonably modest, amounting to a reduction in the top quintile's share of total income of about $3.7 billion and an increase in the bottom quintile's share of about $1.5 billion.

Table 10.4
Distribution of Household Gross and Net Income by Quintiles — Seven Countries

		Quintile				
	Year	Bottom	Second	Middle	Fourth	Top
Gross Income		%	%	%	%	%
Canada	1981	4.6	11.0	17.7	25.3	41.4
West Germany	1981	4.4	10.2	15.9	22.6	46.9
Israel	1979	4.5	10.5	16.5	24.9	43.6
Norway	1979	4.9	11.4	18.4	25.5	39.8
Sweden	1981	6.6	12.3	17.2	25.0	38.9
United Kingdom	1979	4.9	10.9	18.2	25.3	40.8
United States	1979	3.8	9.8	16.6	25.3	44.5
Net Income						
Canada	1981	5.3	11.8	18.1	24.6	39.7
West Germany	1981	5.0	11.5	15.9	21.8	45.8
Israel	1979	6.0	12.1	17.9	24.5	39.5
Norway	1979	6.3	12.8	18.9	25.3	36.7
Sweden	1981	8.0	13.2	17.4	24.5	36.9
United Kingdom	1979	5.8	11.5	18.2	25.0	39.5
United States	1979	4.5	11.2	17.7	25.6	41.0

Source: M. O'Higgins, G. Schmaus, and G. Stephenson, *Income Distribution and Redistribution: A Microdata Analysis of Seven Countries*, Luxembourg Income Study, Working Paper No. 3, June 1985.

11

Conclusion

We conclude with six main observations:

1) Between 1973 and 1986, the rate of household poverty (Statistics Canada definition) declined by only 1.9 percentage points, which was not enough to keep the total number of poor households from rising by 366,000. But even the rate decline masks some divergent trends. Although the household poverty rate among people over the age of 65 decreased considerably, from 41.5 to 24.4 per cent, the rate for working-age households grew from 16.4 to 17.5 per cent (Table 5.1). Even the improvement in the rate of poverty among the elderly must be interpreted with caution. Our evidence on the near-poor (Table 7.2) shows a heavy concentration of the near-poor among the elderly. For example, although only 8 per cent of elderly couples had incomes below the poverty line in 1986, another 15 per cent had incomes that exceeded the line by only 20 per cent or less. This means that they were only a few dollars a day away from poverty.

One of the purposes of the research behind this book was to shed some light on the factors behind these changes. Why did the strong downward trend in household poverty that prevailed in the 1960s stall during the 1970s and 1980s? Given the general rise in social expenditures over the 1973-1986 period, one might reasonably have expected to see poverty rate declines similar to those of the 1960s. Although the risk of poverty has clearly declined among some segments of the population, among four segments in particular this risk is still great or even growing: lone-parent mothers and their children, young workers, disabled persons, and natives.

2) The failure of poverty rates to decline substantially in recent years is in large part a consequence of the lack of anti-poverty support provided by market income, which consists mostly of earnings. Figure 11.1, which is based on Tables 5.10 and 6.6, shows that had government transfers not increased over the years

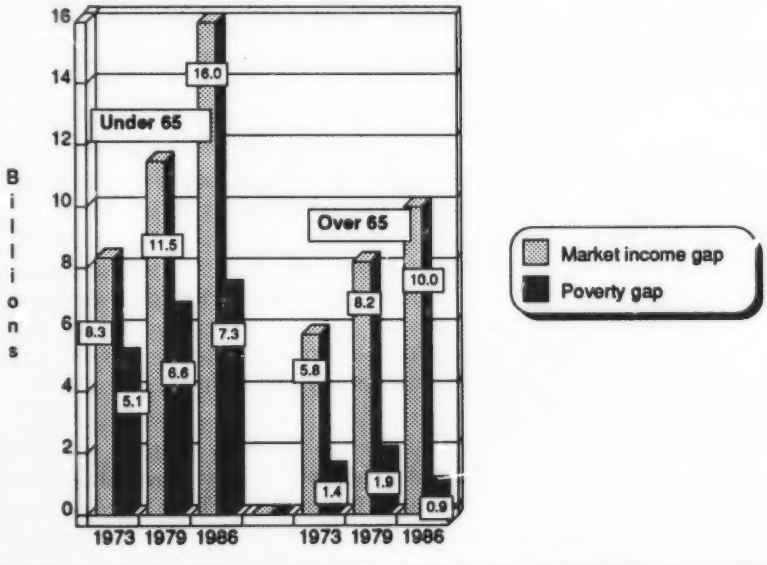
the poverty gap would be much larger today than it is. Between 1973 and 1986, the market-income gap for all households grew by 74.5 per cent, but because of the growth of transfers the final poverty gap grew by only 22.4 per cent (adjusted for inflation).

The impact of transfer growth is particularly noticeable in the case of households headed by a person over the age of 65. Figure 11.1 shows that the amount provided to elderly households through transfer payments grew considerably between 1973 and 1986, and that in the process the poverty gap for these households diminished. Transfers did not play such a strong role, however, in the case of households that were headed by someone of working age and who relied primarily on earnings. Although total transfers to working-age households did increase during the period, they did not increase by enough to offset the poor performance of market income; consequently, the poverty gap for these households grew wider. The ambiguous role played by transfers also explains why the rate of poverty declined dramatically among elderly households between 1973 and 1986 but increased among working-age households.

The situation of the working-age population is, in fact, central to the question of why poverty has been relatively intractable in recent years. Figure 11.1 shows that the market-income gap grew steadily and rapidly between 1973 and 1986.

Figure 11-1

Market-Income Gap and the Poverty Gap, Elderly and Working Age Households (1986 Constant Dollars)



Source: See Table 5.2.

Had market incomes — and, in particular, earnings — provided increasing income support, even a constant amount of transfers would have served to reduce both the poverty gap and the number of people in poverty. Instead, as the figure shows, governments had to contribute more and more simply to offset the poor performance of market incomes. As we suggested earlier, the lack of progress in reducing poverty since 1973 has had more to do with a lack of market-income opportunities than with a reluctance on the part of governments to devote resources to transfers.

One important reason for the poor performance of market income has been the inability of employment growth to keep pace with new household formation. During the period 1973-1979, the ratio of net new jobs to new households was 1.18 — that is, slightly more than one job per household, a figure sufficient to accommodate a growing number of two-earner families. Although the market-income gap grew by $3.14 billion during this period, the rate of poverty among working-age households was stable. Between 1979 and 1986, however, the ratio of new jobs to new households fell to 0.96; that is, the increase in new jobs did not keep pace with new household formation. During the latter period, the market-income gap increased by $4.32 billion and the rate of poverty among working-age households grew by 1 percentage point.

A second reason for the lacklustre anti-poverty performance of market incomes is the poor performance of minimum wages (provincial average) across the country. The minimum wage level is important not only to minimum wage workers, but also to workers whose wgae is $2-$3 above the minimum, since by establishing the level of the bottom rung on the income ladder it does much to influence the levels of the next few rungs as well. In recent years, the minimum wage has become the lost and neglected child in the family of anti-poverty policy. In 1975, a fully employed minimum wage worker who supported a spouse and child in a large city could earn 81 per cent of the Statistics Canada poverty line income. By 1986, however, this worker could earn only 46 per cent of the poverty line income. In fact, even if both spouses were fully employed at the minimum, they could earn only 92 per cent of a poverty line income in 1986.

If the overall objective of Canada's anti-poverty policy is to help people become more self-reliant and depend less on government assistance, then this policy cannot be judged a success over the period under study. The decline in the rate of poverty among the elderly is attributable solely to transfers. The rate of poverty among working-age households has increased slightly, and it is evident that in the absence of transfers the increase would have been substantial. We are not suggesting that society should reduce the level of transfers; reduction is not an alternative, given the relatively dismal employment and market-income record. What we are suggesting is that anti-poverty policy should in future pay more attention to the number of jobs being created and the wages and conditions attached to them.

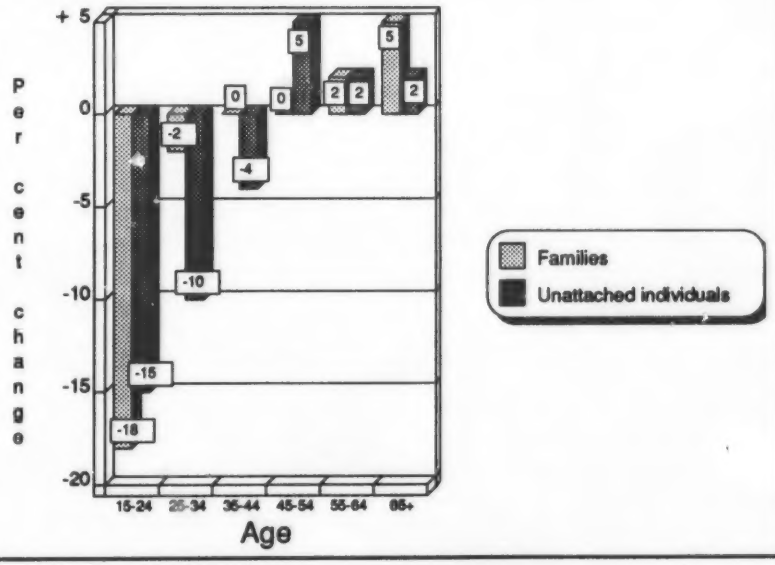
3) A factor that sharply and increasingly distinguishes poor families from non-poor families is the number of earners in the family (Tables 6.4 and 6.5). Non-poor families have more earners than working-poor families, and working-poor families have more earners than other-poor families. In 1986, 72 per cent of married women in non-poor families had some employment, compared with only 39 per cent in poor families. Moreover, the difference between the figures was much greater in 1986 than it had been in 1973. For an increasing proportion of families, the presence of a second earner has been an effective defence against poverty.

The growing use of this means of keeping poverty at bay has serious implications, however, for households that cannot provide more than one earner, such as lone-parent families and unattached individuals. It is not surprising that these two groups increased their share of all poor households from 62 to 67 per cent between 1973 and 1986. In both groups, moreover, the incidence of poverty is higher for women than it is for men. The growing trend toward two-earner households places a disproportionate hardship on women, and their share of poverty has risen.

4) Nothing more sharply distinguishes poor households from non-poor households than their respective levels of education. Non-poor households have more education than working-poor households, and working-poor households

Figure 11-2

Change in Average Income by Age Group, 1981-1986 (1986 Dollars)



Source: Statistics Canada, *Income Distributions by Size in Canada, 1981* and *1986*.

have more education than other-poor households. The evidence is dramatic and systematic (Tables 5.2, 5.5, 5.6, and 5.9). To be poor is to have less education, whatever the type of household. Moreover, the tie between low income and low education appears to be self-perpetuating, since the data show a correlation between income and the school drop-out rate among adolescents (Table 5.8). In 1986, the drop-out rate among poor children was more than twice the rate among children from non-poor families.

Just as anti-poverty policy will not escape its present heavy reliance on transfers unless it addresses the problem of inadequate earnings, neither will it escape this reliance unless it finds ways both to encourage the children of poor families to pursue opportunities for education and to increase these opportunities. The educational opportunities of children, whether at the primary, secondary or post-secondary level, must not be limited by the economic circumstances of their parents.

5) There has been a marked shift in the age distribution of poverty; in particular, poverty has increased among young households — that is, households headed by someone under 25 (Tables 5.2 and 5.3). In 1973, a young family faced a 16 per cent chance of being poor; by 1986, however, and in spite of a fall in the overall rate of poverty, the rate among young families had almost doubled (30 per cent). The rate among young unattached individuals rose from about 40 per cent in 1973 to almost 48 per cent in 1986.

A recent Statistics Canada study of wages has demonstrated that between 1981 and 1986 a considerable shift took place in the Canadian wage structure. This shift resulted in a reduction of the relative wages of young workers.[14] The study found that the proportion of young full-time workers (16-24 years) in each of the bottom two income deciles increased during the period, whereas the proportion of young workers in each of the remaining deciles decreased. Our own calculations, based on average incomes, corroborate these findings: they are shown in Figure 11.2.

6) Poverty strikes hardest at the most vulnerable people in society, those unable to defend themselves — children. Thirty per cent of all the poor people in Canada are children, and in 1986 there were 1,121,000 poor children in Canada. The rate of poverty among children increased by 4 per cent between 1973 and 1979, and by 7 per cent between 1979 and 1986.

One situation in particular must be noted. The rate of poverty among lone-parent mothers with dependent children was 56 per cent in 1986, and it had not changed since 1973. Relative to the poverty rates among children in other industrial countries, the rates in Canada and the United States are dismal, especially with respect to children in lone-parent families (Table 10.2). In Sweden, for example, the rate of child poverty among all lone-parent families in 1981, the most recent year for which a figure is available, was 9.8 per cent;

the Canadian rate was 51.2 per cent, and the U.S. rate (in 1979) was 60 per cent.

The facts show that the big differences between poor and non-poor lone-parent mothers are in age and educational attainment (Table 5.5). If we cannot provide these young (in many cases, adolescent) mothers with both the means to pursue their own educational goals and a supportive environment in which to raise their children, the future for these families is bleak. Canada has shown by its treatment of the elderly since 1973 that poverty can be substantially reduced. It is now time to reduce the debilitating effects of poverty on our most precious natural resource — our children.

Reference Notes

1. *A Choice of Futures: Canada's Commitment to Its Children*, 1988, prepared by the Child Welfare Group, available from the CCSD.

2. Canadian Institute of Child Health, *Child Health Profile*, Ottawa, 1989. The previous two statistics on health and accidents are also from this document.

3. D.R. Offord et al., *Ontario Child Health Study, 1987*, as well as other studies conducted by researchers at McMaster University and Chedoke-McMaster Hospitals, based on the Child Health Survey sponsored by the Ontario Ministry of Community and Social Services.

4. The official poverty line in the United States is based on the cost of purchasing the food required for a minimum adequate diet. When the line was developed in 1964, it was estimated that a family would require an income three times greater than the amount needed to buy food in order to buy other essentials and stay out of poverty. Since 1964, the lines have been adjusted for changes in the cost, but not the standard, of living. Consequently, they are much lower than the national lines developed in Canada by various agencies. Thus the U.S. line for an infividual will probably be about $8,400 in 1989 and the line for a family of four will be about $11,800.

5. The results of this survey are published annually in Statistics Canada's, Catalogue No. 13-207, *Income Distributions by Size in Canada.*

6. For her own detailed account of this work, see Jenny R. Podoluk, *Incomes of Canadians*, (Ottawa: Statistics Canada, 1968). See also, *Statistics on Low Income in Canada*, 1967 (Ottawa: Statistics Canada, 1971).

7. Statistics Canada, Catalogue No. 13-536, *Statistics on Low Income in Canada, 1967* (1971).

8. Statistics Canada adopted this approach to the 1986-based cut-offs because, in its view, the pattern of family expenditure revealed by the 1986 expenditure survey was not greatly different from the pattern revealed by the 1978 survey. The agency decided, therefore, that the changes in the low-income cut-offs dictated by the use of the 1986 base were not significant enough to justify reporting them in the main text of its 1987 income report.

In fact, use of the fully revised 1986 base rather than the partially revised 1978 base adds 118,000 families and 121,000 unattached individuals to the low-income rolls — a change that, in our estimation, is not insignificant. It is worth noting that of the 239,000 households added to poverty by using the fully revised base, 130,000 or 55 per cent are headed by an elderly person.

9. A report of the Special Senate Committee, *Poverty in Canada*, (Ottawa: Information Canada, 1971).

10. David P. Ross, *Benefit Adequacy in Ontario*, (Toronto: Social Assistance Review Committee, 1987), pp. 43-46.

11. CCSD, *Not Enough: The Meaning and Measurement of Poverty in Canada*, (Ottawa: CCSD, 1984), p. 70.

12. *Not Enough*, p. 35.

13. The estimates for 1973 use Statistics Canada's 1969 expenditure base, and the estimates for 1979 and 1986 use the 1978 base. (We re-estimated the 1979 rates since Statistics Canada's published estimates use the 1969 base).

After we completed our calculations for 1986, in which we used the 1978 expenditure base, Statistics Canada came out with new lines based on the results of its 1986 survey (see Reference Note 8). We have not altered our calculations for 1986 to reflect this change. In calculating poverty rates for 1987, however, Statistics Canada has used both the 1978 expenditure base and the 1986 base, and in the 1986-based results, both the family poverty rate and the rate for unattached individuals are higher (by 1.8 and 4.0 percentage points respectively) than they are using the 1978-based results. It must be kept in mind, therefore, that our 1978-based results for 1986 understate the reality to some extent, though not by enough to distort the basic trends that have developed since 1973. In regard to the composition of poverty, the only major effect of our use of the 1978 base is a fairly substantial understatement of the numbers and rates for families headed by a person over 65 and for unattached individuals over 65. Again, however, the understatement is not large enough to invalidate our depiction of general trends.

14. J. Myles, G. Picot and T. Wannell, *Wages and Jobs in the 1980s: Changing Youth Wages and the Declining Middle*, (Ottawa: Statistics Canada, July 1988).

Appendix

Provincial Data

TABLE A.1
NEWFOUNDLAND

SUMMARY POVERTY DATA

Number of poor households:	43,000
Household poverty rate:	25.1%
Total poverty gap (millions):	$180
Average household gap:	$4,151
Number of poor children (0-17 years):	49,000
Rate of child poverty:	25.9%
Average size of poor households:	3.0 persons

NUMBER, PERCENTAGE DISTRIBUTION, AND INCIDENCE OF POOR HOUSEHOLDS, BY SELECTED CHARACTERISTICS, 1986 — STATISTICS CANADA DEFINITION (1978 Base)

Characteristic	Number ('000)	Distribution 100%	Incidence %
Employment status			
working poor*	6	14.0	n.c.
other poor	37	86.0	n.c.
Age of head			
less than 25 years	6	14.0	52.1
25-34 years	9	20.9	22.4
35-44 years	8	18.6	20.4
45-54 years	5	11.6	21.2
55-64 years	7	16.3	29.0
over 65 years	8	18.6	27.1
Family type			
couple/children	16	37.2	20.5
lone-parent/male*	—	—	n.c.
lone-parent/female*	5	11.6	70.0
couple/no children	2	4.7	11.4
elderly couple	1	2.3	10.7
individual/elderly	5	11.6	51.7
individual/non-elderly	7	16.2	47.5
other family	7	16.2	13.0
Education of head			
0-8 years	21	48.8	36.3
some high school	16	37.2	24.6
some post-secondary	2	4.7	29.7
certificate/diploma	3	7.0	13.0
university degree	1	2.3	8.7
Size of community**			
urban	28	65.1	25.7
rural	15	34.9	23.8

Source: Special tabulations performed by the authors using the micro-data tapes of Statistics Canada's, Survey of Consumer Finances for the 1986 income year.

Notes: * In this and other tables in the appendix, the definitions of working poor and lone-parent are those employed in the text.

** It is not possible to standardize the size categories for all provinces.

Columns may not add to totals due to rounding; "n.c." means not calculated; and "—" indicates very small numbers (less than 500) and percentages.

TABLE A.2
Prince Edward Island

SUMMARY POVERTY DATA

Number of poor households:	8,000
Household poverty rate:	17.1%
Total poverty gap (millions):	$23
Average household gap:	$2,945
Number of poor children (0-17 years):	5,000
Rate of child poverty:	13.5%
Average size of poor households:	2.1 persons

NUMBER, PERCENTAGE DISTRIBUTION, AND INCIDENCE OF POOR HOUSEHOLDS, BY SELECTED CHARACTERISTICS, 1986 — STATISTICS CANADA DEFINITION (1978 Base)

Characteristic	Number ('000)	Distribution 100%	Incidence %
Employment status			
working poor*	2	22.4	n.c.
other poor	6	77.6	n.c.
Age of head			
less than 25 years	1	11.5	25.5
25-34 years	2	21.6	17.1
35-44 years	1	12.0	10.6
45-54 years	1	10.2	11.9
55-64 years	1	13.7	16.6
over 65 years	2	30.8	24.0
Family type			
couple/children	2	20.9	10.0
lone-parent/male*	—	0.6	n.c.
lone-parent/female*	1	9.3	42.6
couple/no children	—	4.4	n.c.
elderly couple	—	1.6	n.c.
individual/elderly	2	27.1	52.1
individual/non-elderly	2	30.3	34.6
other family	—	5.8	n.c.
Education of head			
0-8 years	3	37.4	22.6
some high school	4	45.9	17.4
some post-secondary	1	16.7	16.6
certificate/diploma	—	—	n.c.
university degree	—	—	n.c.
Size of community			
urban	4	48.1	22.7
rural	4	51.9	13.9

For source and notes, see footnote Table A.1.

TABLE A.3
NOVA SCOTIA

SUMMARY POVERTY DATA

Number of poor households:	63,000
Household poverty rate:	19.6%
Total poverty gap (millions):	$235
Average household gap:	$3,732
Number of poor children (0-17 years):	43,000
Rate of child poverty:	18.5%
Average size of poor households:	2.2 persons

NUMBER, PERCENTAGE DISTRIBUTION, AND INCIDENCE OF POOR HOUSEHOLDS, BY SELECTED CHARACTERISTICS, 1986 — STATISTICS CANADA DEFINITION (1978 Base)

Characteristic	Number ('000)	Distribution 100%	Incidence %
Employment status			
working poor*	11	17.5	n.c.
other poor	52	82.5	n.c.
Age of head			
less than 25 years	8	12.7	37.1
25-34 years	15	23.8	18.7
35-44 years	8	12.7	11.5
45-54 years	6	9.5	14.6
55-64 years	10	15.9	23.8
over 65 years	16	25.4	23.5
Family type			
couple/children	11	17.5	10.8
lone-parent/male*	1	1.6	29.3
lone-parent/female*	10	15.9	63.0
couple/no children	4	6.3	10.1
elderly couple	1	1.6	5.5
individual/elderly	12	19.0	43.4
individual/non-elderly	17	27.0	31.1
other family	7	11.1	12.8
Education of head			
0-8 years	24	38.0	31.2
some high school	28	44.4	18.1
some post-secondary	3	4.8	15.7
certificate/diploma	4	6.3	12.3
university degree	4	6.3	9.3
Size of community			
30,000 or more	28	44.4	17.8
other urban	15	23.8	28.8
rural	20	31.7	18.0

For source and notes, see footnote Table A.1.

TABLE A.4
NEW BRUNSWICK

SUMMARY POVERTY DATA

Number of poor households:	49,000
Household poverty rate:	19.5%
Total poverty gap (millions):	$198
Average household gap:	$4,077
Number of poor children (0-17 years):	38,000
Rate of child poverty:	19.9%
Average size of poor households:	2.3 persons

NUMBER, PERCENTAGE DISTRIBUTION, AND INCIDENCE OF POOR HOUSEHOLDS, BY SELECTED CHARACTERISTICS, 1986 — STATISTICS CANADA DEFINITION (1978 Base)

Characteristic	Number ('000)	Distribution 100%	Incidence %
Employment status			
working poor*	8	16.4	n.c
other poor	41	83.6	n.c
Age of head			
less than 25 years	7	14.9	37.5
25-34 years	10	21.0	11.7
35-44 years	7	14.7	13.7
45-54 years	7	12.9	17.1
55-64 years	7	14.1	19.7
over 65 years	11	22.3	21.8
Family type			
couple/children	10	19.9	11.7
lone-parent/male*	—	0.5	n.c.
lone-parent/female*	9	17.5	69.9
couple/no children	3	5.3	8.1
elderly couple	1	2.1	5.9
individual/elderly	8	17.5	44.2
individual/non-elderly	13	26.8	32.5
other family	5	10.5	11.0
Education of head			
0-8 years	21	42.6	26.9
some high school	19	39.5	18.4
some post-secondary	4	7.0	19.4
certificate/diploma	3	6.7	12.6
university degree	2	4.1	8.0
Size of community			
30,000 or more	22	44.4	21.8
other urban	10	21.4	19.6
rural	17	34.2	17.2

For source and notes, see footnote Table A.1.

Table A.5
QUEBEC

SUMMARY POVERTY DATA

Number of poor households:	615,000
Household poverty rate:	23.6%
Total poverty gap (millions):	$2,650
Average household gap:	$4,310
Number of poor children (0-17 years):	315,000
Rate of child poverty:	18.9%
Average size of poor households:	1.9 persons

NUMBER, PERCENTAGE DISTRIBUTION, AND INCIDENCE OF POOR HOUSEHOLDS, BY SELECTED CHARACTERISTICS, 1986 — STATISTICS CANADA DEFINITION (1978 Base)

Characteristic	Number ('000)	Distribution 100%	Incidence %
Employment status			
working poor*	113	18.4	n.c.
other poor	502	81.6	n.c.
Age of head			
less than 25 years	87	14.1	44.1
25-34 years	142	23.1	23.3
35-44 years	87	14.1	14.7
45-54 years	68	11.1	16.5
55-64 years	85	13.8	23.0
over 65 years	146	23.7	34.5
Family type			
couple/children	93	15.1	12.2
lone-parent/male*	5	0.8	20.4
lone-parent/female*	66	10.7	59.5
couple/no children	44	7.2	10.6
elderly couple	24	3.9	16.4
individual/elderly	110	17.9	57.3
individual/non-elderly	219	35.6	40.0
other family	54	8.8	13.2
Education of head			
0-8 years	234	38.0	32.2
some high school	262	42.6	15.2
some post-secondary	24	3.9	17.3
certificate/diploma	65	10.6	21.0
university degree	30	4.9	9.0
Size of community			
100,000 or more	429	69.8	25.6
30,000-99,999	58	9.4	25.0
less than 30,000	68	11.1	22.0
rural	60	9.8	15.6

For source and notes, see footnote Table A.1.

TABLE A.6
ONTARIO

SUMMARY POVERTY DATA

Number of poor households:	507,000
Household poverty rate:	14.5%
Total poverty gap (millions):	$2,297
Average household gap:	$4,532
Number of poor children (0-17 years):	287,000
Rate of child poverty:	12.6%
Average size of poor households:	1.9 persons

NUMBER, PERCENTAGE DISTRIBUTION, AND INCIDENCE OF POOR HOUSEHOLDS, BY SELECTED CHARACTERISTICS, 1986 — STATISTICS CANADA DEFINITION (1978 Base)

Characteristic	Number ('000)	Distribution 100%	Incidence %
Employment status			
working poor*	124	24.5	n.c.
other poor	383	75.5	n.c.
Age of head			
less than 25 years	96	18.9	39.0
25-34 years	107	21.1	13.5
35-44 years	69	13.6	9.3
45-54 years	41	8.1	7.5
55-64 years	74	14.6	13.7
over 65 years	120	23.7	18.8
Family type			
couple/children	75	14.8	7.4
lone-parent/male*	4	0.8	20.0
lone-parent/female*	66	13.0	50.0
couple/no children	28	5.5	5.3
elderly couple	14	2.8	5.4
individual/elderly	98	19.3	33.6
individual/non-elderly	193	38.1	26.0
other family	29	5.7	5.5
Education of head			
0-8 years	128	25.2	20.9
some high school	255	50.3	16.3
some post-secondary	48	9.5	14.5
certificate/diploma	44	8.7	10.0
university degree	31	6.2	5.6
Size of community			
100,000 or more	351	69.2	15.1
30,000-99,999	56	11.0	13.8
less than 30,000	57	11.2	14.4
rural	43	8.5	11.3

For source and notes, see footnote Table A.1.

TABLE A.7
MANITOBA

SUMMARY POVERTY DATA

Number of poor households:	79,000
Household poverty rate:	19.0%
Total poverty gap (millions):	$404
Average household gap:	$5,076
Number of poor children (0-17 years):	65,000
Rate of child poverty:	23.3%
Average size of poor households:	2.3 persons

NUMBER, PERCENTAGE DISTRIBUTION, AND INCIDENCE OF POOR HOUSEHOLDS, BY SELECTED CHARACTERISTICS, 1986 — STATISTICS CANADA DEFINITION (1978 Base)

Characteristic	Number ('000)	Distribution 100%	Incidence %
Employment status			
working poor*	21	26.6	n.c.
other poor	58	73.4	n.c.
Age of head			
less than 25 years	15	19.0	38.5
25-34 years	16	20.2	17.7
35-44 years	13	16.4	16.3
45-54 years	6	7.6	11.3
55-64 years	9	11.4	16.6
over 65 years	20	25.3	21.7
Family type			
couple/children	17	21.5	14.8
lone-parent/male*	1	1.3	30.0
lone-parent/female*	11	13.9	57.9
couple/no children	4	5.1	8.2
elderly couple	3	3.8	7.9
individual/elderly	16	20.3	38.1
individual/non-elderly	22	27.8	25.6
other family	5	6.3	9.8
Education of head			
0-8 years	23	29.1	26.7
some high school	41	51.9	20.5
some post-secondary	6	7.6	17.1
certificate/diploma	6	7.6	14.6
university degree	3	3.8	6.4
Size of community			
100,000 or more	56	70.9	20.4
other urban	10	12.7	17.9
rural	13	16.5	15.7

For source and notes, see footnote Table A.1.

TABLE A.8
SASKATCHEWAN

SUMMARY POVERTY DATA

Number of poor households:	82,000
Household poverty rate:	21.7%
Total poverty gap (millions):	$420
Average household gap:	$5,132
Number of poor children (0-17 years):	70,000
Rate of child poverty:	25.0%
Average size of poor households:	2.3 persons

NUMBER, PERCENTAGE DISTRIBUTION, AND INCIDENCE OF POOR HOUSEHOLDS, BY SELECTED CHARACTERISTICS, 1986 — STATISTICS CANADA DEFINITION (1978 Base)

Characteristic	Number ('000)	Distribution 100%	Incidence %
Employment Status			
working poor*	25	30.5	n.c.
other poor	57	69.5	n.c.
Age of Head			
less than 25 years	17	20.7	43.4
25-34 years	19	23.2	20.9
35-44 years	12	14.6	17.7
45-54 years	5	6.1	11.1
55-64 years	11	13.4	22.0
over 65 years	18	22.0	21.2
Family Type			
couple/children	18	22.0	15.9
lone-parent/male*	—	—	n.c.
lone-parent/female*	11	13.4	61.1
couple/no children	5	6.1	9.6
elderly couple	3	3.7	8.6
individual/elderly	13	15.9	33.3
individual/non-elderly	27	32.9	33.3
other family	5	6.1	15.4
Education of Head			
0-8 years	29	35.4	30.5
some high school	33	40.2	19.9
some post-secondary	10	12.2	27.0
certificate/diploma	6	7.3	14.3
university degree	4	4.9	10.3
Size of Community			
100,000 or more	37	45.1	23.9
30,000-99,999	6	7.3	24.0
less than 30,000	15	18.3	21.8
rural	24	29.3	18.8

For source and notes, see footnote Table A.1.

TABLE A.9
ALBERTA

SUMMARY POVERTY DATA

Number of poor households:	148,000
Household poverty rate:	16.8%
Total poverty gap (millions):	$714
Average household gap:	$4,839
Number of poor children (0-17 years):	103,000
Rate of child poverty:	15.7%
Average size of poor households:	2.1 persons

NUMBER, PERCENTAGE DISTRIBUTION, AND INCIDENCE OF POOR HOUSEHOLDS, BY SELECTED CHARACTERISTICS, 1986 — STATISTICS CANADA DEFINITION (1978 Base)

Characteristic	Number ('000)	Distribution 100%	Incidence %
Employment status			
working poor*	43	29.1	n.c.
other poor	105	70.9	n.c.
Age of head			
less than 25 years	34	23.0	39.1
25-34 years	36	24.3	13.7
35-44 years	23	15.5	12.1
45-54 years	15	10.1	12.2
55-64 years	17	11.5	16.5
over 65 years	23	15.5	19.2
Family type			
couple/children	25	16.9	9.3
lone-parent/male*	2	1.4	28.6
lone-parent/female*	19	12.8	43.2
couple/no children	11	7.4	7.8
elderly couple	2	1.4	3.8
individual/elderly	19	12.8	37.2
individual/non-elderly	62	41.9	29.4
other family	8	5.4	7.7
Education of head			
0-8 years	27	18.2	23.9
some high school	76	51.4	19.3
some post-secondary	21	14.2	23.8
certificate/diploma	15	10.1	10.0
university degree	9	6.1	6.7
Size of community			
100,000 or more	95	64.2	18.0
30,000-99,999	12	8.1	16.9
less than 30,000	18	12.2	13.2
rural	23	15.5	15.3

For source and notes, see footnote Table A.1.

TABLE A.10
BRITISH COLUMBIA

SUMMARY POVERTY DATA

Number of poor households:	238,000
Household poverty rate:	19.9%
Total poverty gap (millions):	$1,050
Average household gap:	$4,405
Number of poor children (0-17 years):	143,000
Rate of child poverty:	20.2%
Average size of poor households:	1.9 persons

NUMBER, PERCENTAGE DISTRIBUTION, AND INCIDENCE OF POOR HOUSEHOLDS, BY SELECTED CHARACTERISTICS, 1986 — STATISTICS CANADA DEFINITION (1978 Base)

Characteristic	Number ('000)	Distribution 100%	Incidence %
Employment status			
working poor*	56	23.5	n.c.
other poor	182	76.5	n.c.
Age of head			
less than 25 years	35	14.7	39.6
25-34 years	54	22.7	19.8
35-44 years	41	17.2	15.7
45-54 years	17	7.1	9.9
55-64 years	29	12.2	17.5
over 65 years	62	26.1	26.5
Family type			
couple/children	32	13.4	10.8
lone-parent/male*	4	1.7	33.3
lone-parent/female*	37	15.5	64.9
couple/no children	17	7.1	8.7
elderly couple	8	3.4	7.9
individual/elderly	51	21.4	46.4
individual/non-elderly	81	34.0	27.8
other family	8	3.4	6.1
Education of head			
0-8 years	41	17.2	28.1
some high school	123	51.7	21.3
some post-secondary	37	15.5	25.0
certificate/diploma	18	7.6	12.6
university degree	19	8.0	10.9
Size of community			
100,000 or more	158	66.4	22.3
30,000-99,999	24	10.1	16.1
less than 30,000	34	14.3	17.9
rural	22	9.2	14.8

For source and notes, see footnote Table A.1.

THE CANADIAN COUNCIL ON SOCIAL DEVELOPMENT

Founded in 1920, the Canadian Council on Social Development (CCSD) is an independent, national, non-profit organization. Through research, policy analysis, community consultation and information sharing, the CCSD provides a forum for citizen participation in the formulation of progressive social policies.

The CCSD is the only national organization whose mandate and involvement embrace all aspects of social development and social policy. Since its beginning, the Council has been actively involved in the evaluation of existing programs, the identification of essential improvements, and the promotion of needed developments. It has been a positive, non-partisan advocate of social measures such as universal inoculation, pensions, unemployment assistance, workmen's compensation, medicare, legal aid, daycare, and social and cooperative housing. The Council played an active role in the development of the Canada Assistance Plan and the Child Tax Credit, and has been a promoter of the Guaranteed Annual Income concept, self-help, voluntarism and community economic development.

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National headquarters of the Canadian Council on Social Development are located at 55 Parkdale Avenue, Ottawa, Ontario, K1Y 4G1. Tel: (613) 728-1865. FAX: (613) 728-9307. CCSD also has a Quebec office, located at 1074 Berri Street, Montréal, H2L 2P1. Tel : (514) 288-1687. FAX : (514) 288-6723.

The Canadian Council on Social Development

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The Fact Book identifies several important and disturbing patterns:

- Employment is no guarantee of immunity from poverty.
- Poverty is increasingly concentrated among women.
- Poverty strikes hard at the most vulnerable people in society — its children.
- The distribution of employment income has become increasingly inequitable. Only continuous increases in government transfer payments have kept the problem of poverty from becoming even worse than it is.

The Canadian Fact Book on Poverty is the fourth in a series of poverty fact books issued by the Canadian Council on Social Development.

David P. Ross is a social economist with graduate degrees from Alberta and Duke universities, who has worked with the federal government cabinet office, the Organization for Economic Cooperation and Development in Paris, the Canadian Council on Social Development and the Vanier Institute of the Family. He has taught at Windsor, Ottawa, Carleton and McGill universities.

E. Richard Shillington has graduate degrees in statistics from the University of Waterloo. He has conducted research on health and socio-economic policies for the governments of Saskatchewan and Canada, as well as research organizations at the universities of British Columbia and Toronto. He is the founder of Tristat Resources Ltd., an Ottawa consulting firm specializing in quantitative research on socio-economic policy.

Canadian Council on Social Development

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